

STATE OF MARYLAND
BOARD OF PUBLIC WORKS
GOVERNOR'S CONFERENCE ROOM
STATE HOUSE
ANNAPOLIS, MARYLAND

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P R E S E N T:

GOVERNOR HARRY HUGHES, III, Presiding;

HONORABLE LOUIS L. GOLDSTEIN, Comptroller;

HONORABLE WILLIAM S. JAMES, Treasurer;

SANDRA R. REYNOLD, Secretary, Board of
Public Works

EARL SEBODA, Secretary, Department of General
Services;

CONSTANCE LIEDER, Secretary, Department of
State Planning; and,

BARBARA B. ALLEN, Administrative Assistant,
Board of Public Works.

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P R O C E E D I N G S

GOVERNOR HUGHES: Okay. Shall we proceed. The first public appearance is on the Secretary's Agenda, Item 10, page 21, debarment. Is Mr. Monk here? You're not Mr. Monk.

MR. HESSELBACHER: My name is Robert Hesselbacher, with the Antitrust Division, in Mr. Monk's absence. Before the Board is the Attorney General's recommendation to initiate debarment proceedings against Mid-Atlantic Paving Company and, also, to impose an interim suspension until a debarment decision has been reached.

The Board, I know, has received the Attorney General's letter. Let me briefly summarize it. Mid-Atlantic and its President, Mr. McGee, pled guilty in June to charges of rigging bids on State and county liquid asphalt contracts. The charges alleged a violation of Section 1 of the Sherman Act, namely, bid rigging. Mr. McGee and the company were both sentenced in Federal Court, and the convictions are grounds for debarment under COMAR 21.08.04.04A1 and A4 because these are violations of Federal antitrust laws.

As I said, the Attorney General has recommended that debarment proceedings be scheduled -- that a hearing be

scheduled before a hearing officer and, because this offense relates to Maryland contracts, that in the interim the company be suspended. I don't believe I have anything to add at this point to the Attorney General's recommendation.

If the Board has any questions, I know representatives of the company are here to respond to the Attorney General's recommendation.

GOVERNOR HUGHES: Any questions of Mr. Hesselbacher?

MR. GOLDSTEIN: Yes, sir, Governor. Did Mr. Lowell K. Bridwell suggest that the company be suspended?

MR. HESSELBACHER: Yes. I've received a copy of Mr. Bridwell's letter, and the Secretary concurs with the Attorney General's recommendation.

MR. GOLDSTEIN: Thank you, sir.

GOVERNOR HUGHES: Any further questions of Mr. Hesselbacher?

MR. JAMES: No.

GOVERNOR HUGHES: Thank you. Anyone else?
Mr. Phillips?

MR. PHILLIPS: Yes, if the Board please. I represent Mid-Atlantic, and I'm here with officers of the company

today because we weren't certain -- the form in which this proceeding would take. We understand that you're simply being asked to temporarily suspend from bidding, pending a hearing, which, as I understand it, under the rules, will be within 30 days. There's much to be said in mitigation, but this is obviously not the forum, if there's going to be a hearing, and I'm sure there will be.

So, unless you have questions, that would be my presentation.

GOVERNOR HUGHES: Any questions of Mr. Phillips?

MR. JAMES: No.

GOVERNOR HUGHES: Thank you.

MR. PHILLIPS: Thank you, Governor.

MR. JAMES: Do we have a hearing officer for this?

MS. REYNOLD: We will have one.

MR. JAMES: Okay. All right. Thank you.

GOVERNOR HUGHES: Was there anyone else on that --
to be heard on that item?

(No response.)

GOVERNOR HUGHES: Apparently not.

MR. JAMES: I move that we temporarily disbar --

I mean suspend, temporarily suspend Mid-Atlantic Paving Company.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: And that the debarment proceedings be initiated?

MR. JAMES: Yes, under the rule, yes.

GOVERNOR HUGHES: It's been moved and seconded that the immediate suspension be approved of Mid-Atlantic Paving Company and that debarment proceedings be initiated. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. Next item is on the Transportation Agenda, page 37, Item 22-GM.

MR. SCHOTT: Good morning, Senator James, Comptroller Goldstein, Governor Hughes. My name is Robert Schott. I'm the President of All Cargo Expediting Services, Inc.

We propose to operate a Foreign Trade Zone at BWI Airport. I'm here to ask your approval today for that operation. The Foreign Trade Zone is an area designated by the --

approved by the Department of Commerce Foreign Trade Zones Board for the conduct of operations of a Foreign Trade Zone in accordance with Foreign Trade Zones Act. The State of Maryland has such a grant from the Foreign Trade Zones Board, and I propose to operate that Foreign Trade Zone.

MR. GOLDSTEIN: May we ask you a question, please, sir? I don't think there's any problem about this. You're going to lease 3,900 square feet?

MR. SCHOTT: Affirmative. Yes, sir.

MR. GOLDSTEIN: That's not very much space.

MR. SCHOTT: It's a start, sir.

MR. GOLDSTEIN: I know, but now my question is are you going to limit it to certain types of commodities or merchandise, or are you going to let other people come in there that have merchandise to sell in this country?

MR. SCHOTT: Well, the --

MR. GOLDSTEIN: See, this little presentation here is very limited; don't give you much information, and it was presented to us at the pre-Board meeting on Monday. Thirty-nine hundred square feet is just a small building.

MR. SCHOTT: The Foreign Trade Zones Board and the

Customs Service determine what sorts of activities and merchandise can be in a Foreign Trade Zone.

MR. GOLDSTEIN: Yes, I understand that, but what kind of merchandise are you talking about?

MR. SCHOTT: I think that our zone will probably attract certain types of activities more specifically than other types of activities, but I intend on --

MR. GOLDSTEIN: Well, what is that? I mean, that don't mean a thing. What are you talking about?

MR. SCHOTT: I think --

MR. GOLDSTEIN: Is it going to be silks, satins, furniture, jewelry?

MR. SCHOTT: I would hope so. I would think that we'll be probably a high-tech oriented facility, being located on an airport. I would imagine that high-value merchandise that will proceed on some portion of its journey by air will be the most likely types of goods that we'll see at that Trade Zone.

MR. GOLDSTEIN: High-tech.

MR. SCHOTT: There is in --

MR. GOLDSTEIN: You mean something like computers?

MR. SCHOTT: Might be. I would imagine there would be plenty of increase from computer hardware firms.

MR. JAMES: What's that -- 40 by 100 about? Is that what the width is -- 40 by 100?

MR. SCHOTT: What is it? It's 25 feet deep.

MR. GOLDSTEIN: That would be 4,000.

MR. SCHOTT: Comes out to 3,900. I'm not -- I haven't --

GOVERNOR HUGHES: It's approximately 40 by 100.

MR. JAMES: I was wondering -- the width of it.

MR. SCHOTT: I'm pretty sure we have a 25-foot depth.

MR. JAMES: Only a 25-foot depth.

MR. SCHOTT: Yeah. It's --

MR. JAMES: Oh, I see. It's long and --

MR. SCHOTT: Yes.

MR. JAMES: -- not very deep.

MR. GOLDSTEIN: Does this give you --

MR. JAMES: Plus your office.

MR. SCHOTT: Right.

MR. GOLDSTEIN: Excuse me.

MR. SCHOTT: Excuse me. Yes, sir.

MR. JAMES: Go ahead.

MR. GOLDSTEIN: Does this give you the exclusive situation over there? In other words, suppose somebody else wanted to open up a Foreign Trade Zone to import, say, from China all that beautiful silk and satins and all the nice ceramics they make over there?

MR. SCHOTT: The operation of a Foreign Trade Zone is essentially a public -- the zone itself is a public utility. The operator must certainly bear the expertise and the ability to conduct zone operations for those who wish to use the zone.

MR. GOLDSTEIN: I understand that, sir, but will this give you the exclusive right to BWI Airport against anybody else coming there and setting up a shop?

MR. SCHOTT: My -- the contract, as I read it, gives me the first right of refusal on the operation of any additional sites on the airport.

MR. GOLDSTEIN: I'm going to vote against it. Thank you. That's just what I was trying to bring out and what was brought the other day. Why should you -- I don't

know a thing about your company -- have an exclusive right, and the State of Maryland's taxpayers built that airport?

MR. SCHOTT: Well, I'm a resident of the State of Maryland, sir. I've conducted business in this State for a number of years in the international trade community. I am an air freight forwarder and a forwarder as well.

MR. GOLDSTEIN: Fine. That's very nice. Glad to see you.

MR. SCHOTT: And I intend on operating this zone in a completely non-discriminatory fashion, allowing usage by any and all qualifying comers in accordance with the laws of the Foreign Trade Zones Board, the Act, the Customs Service, and the State. All three agencies have to give approval, and I certainly am not going to turn business away that properly belongs in that zone.

MR. JAMES: Does that right of first refusal extend beyond the three years, or is that just during that three-year period?

MR. SCHOTT: It's a three-year contract that is negotiable at the end of three years on its terms and conditions.

GOVERNOR HUGHES: Well, I understand there were requests for proposals put out, and your firm is the only one that responded; is that correct?

MR. SCHOTT: That's correct, sir.

GOVERNOR HUGHES: Apparently, wasn't a whole lot of interest.

MR. SCHOTT: Apparently not, sir.

MR. JAMES: Well, it's only a three-year experimental period; so I don't think the State's tied up too long, Louis. So I don't see --

MR. GOLDSTEIN: We've got people all over, through the Department of Economic and Community Development, traveling in Europe, traveling over in Asia; and to give one company an exclusive right at that airport, I'm not going to vote for it. Fine, if they want --

MR. JAMES: Well, I'd like to hear from the Department of Transportation on this. I'd like to hear from them.

GOVERNOR HUGHES: All right.

MR. SCHOTT: Excuse me, Mr. Goldstein, if I may. I believe this request for proposal was published widely, was solicited widely, was advertised and properly distributed

throughout the community who might hold interest; and, in addition, previous requests for proposals on this matter by the State have come forward. I've been the only one who's come forward with a --

MR. GOLDSTEIN: Fine.

MR. SCHOTT: -- positive plan to take this zone and make it a viable and an active export-promoting facility for the State of Maryland. One of the things that I've agreed to do in that context is to take a small zone from the start, build up the business, build up the activity, promote the zone, get people interested and knowledgeable about this Foreign Trade Zone; and, in return, I think that I should have something for that effort; and, if it's being limited to a 3,900 square foot facility, it perhaps won't be of interest to me and -- well, frankly, I think that there's a great deal of potential here in the zone, and the State has a much larger facility that they have in the long-range plans for zone operations. I'd be very pleased to help develop those zones, but there's a great deal of risk and effort on my part; and I don't think that a three-year possibly renewable right of exclusivity is too much to ask in return for that risk.

GOVERNOR HUGHES: Thank you, sir.

MR. SCHOTT: Thank you.

GOVERNOR HUGHES: Want to hear from the Aviation Administration?

MR. JAMES: Yes. Yes. I just wanted to ask a question concerning the right of first refusal; that exists at what point?

MR. SCHAUS: At the end of three years. Good morning. I'm Nick Schaus, the Deputy Aviation Administrator. The right of first refusal -- the first right of refusal occurs at the end of the first year -- first three-year term of the contract. There are two three-year renewal options in the contract, subject to the approval of the Board of Public Works; but I think maybe I could more clearly or give you a better understanding of the exclusivity issue.

Mr. Schott's company would, in effect, act as the State's agent in promoting and operating the zone. He really has no authority to determine what companies use or do not use the zone. The access to the zone is clearly specified in Federal regulations, because it is the Federal Government, the Department of Commerce, who licenses zones. If a company

meets the requirements of the Department of Commerce to come into a zone, Mr. Schott does not have the authority to exclude that firm. His exclusivity is strictly as the State's agent in promoting, developing and operating the zone.

MR. JAMES: Yes, but I think Mr. Goldstein's question is directed to whether you could authorize another company to run a portion of this property as an additional Foreign Trade Zone. That's the question, I believe, isn't it?

MR. GOLDSTEIN: That's exactly right.

MR. JAMES: Yes.

MR. GOLDSTEIN: I don't know this gentleman from Adam. I want him to have a right to come in there, but we may have somebody else that has expertise to come in there and operate another part of that zone. You have one at Holabird operated by Baltimore City; you have one down on 301 operated by Prince George's County. I'm familiar with that business, and I know I'm getting ready to go back overseas again on my own account. There's plenty of business out there if you know how to promote it, and it hasn't been promoted. There's plenty of business. There's plenty of products that want to come to this country, real good products.

So I don't want to tie up that whole BWI Airport just for one gentleman. It's not right. I don't believe in giving people exclusive right at State expense. You've got 4,000 acres over there, plenty of room to expand. You're out there every day trying to get more airlines, aren't you?

MR. SCHAUS: Yes, sir.

MR. GOLDSTEIN: Look what we did to get Piedmont. Suppose somebody had an exclusive right and they excluded Piedmont.

MR. JAMES: Well, of course, this agreement --

MR. GOLDSTEIN: We went ahead and spent 20-some million dollars right overnight to bring them in here because it's generating business; trade and commerce, and giving people jobs; and you may have some other people who want to come and do the same thing. I don't want to tie up anything that belongs to the State of Maryland on an exclusive basis. I'm not going to vote for it.

MR. SCHAUS: I understand your concern.

MR. JAMES: Well, this contract says, "In the event the contractor and the Administration fail to agree to terms and conditions for three-year extensions of this agreement,

then this agreement shall terminate at the end of the basic three-year term or at the end of the first extension." I don't think we run much of a risk.

MR. GOLDSTEIN: Three years -- you're tying something up for three years.

MR. JAMES: That's not long.

MR. GOLDSTEIN: My dear man, let me tell you something. In trade and commerce, that's a long time, sir. That's a long time. I'm not going to tie my hands. I mean, I just can't do it. I'm a businessman; I know how things happen.

MR. JAMES: Well, we're asking this gentleman to take a good bit of risk and time and attention, and I just want to give him an opportunity to see if it will work.

MR. GOLDSTEIN: Fine. He has it here on this number of square feet; but suppose next year we have somebody else who comes along, has the expertise and wants to put in a business there for foreign trade, why shouldn't they have that right?

GOVERNOR HUGHES: I think it ought to be made clear that this would be no exclusive right over all air cargo coming

into BWI Airport.

MR. SCHAUS: Of course.

GOVERNOR HUGHES: There's much more air cargo coming in there from foreign countries that is not even going to be involved in the Foreign Trade Zone; correct?

MR. SCHAUS: Correct.

GOVERNOR HUGHES: Which this has no effect on whatsoever.

MR. SCHAUS: No, it doesn't. The exclusivity issue, again, is not the access to the facilities; it's exclusive as the State's agent in promoting and meeting the requirements of the Federal Government, that is, the customs regulations, the documentation requirements of the Department of Commerce. Any company can come in. We have gone out with this proposal and have selected Mr. Schott's firm to be our agent, as simply our operator and agent. He can't preclude anyone from coming onto the airport that wants to conduct their activity in the airport's Foreign Trade Zone. It's the airport's Foreign Trade Zone.

GOVERNOR HUGHES: How much interest did you have in the request for proposals?

MR. SCHAUS: We had two firms, basically, interested, Mr. Schott's and McCormick Properties, who is the operator of Baltimore City's Foreign Trade Zone. McCormick submitted a proposal that did not meet the requirements of the request for proposal.

MR. GOLDSTEIN: In what respect?

MR. SCHAUS: I'm not certain. I was not part of the selection panel. Their bid was --

MR. GOLDSTEIN: Well, who was then? When you come here and tell us they weren't --

MR. SCHAUS: Mr. Truby was the chairman of the panel. The panel submitted Mr. Schott as its recommended awardee, and the fact that McCormick Properties did not -- was not responsive to the request for proposals. It had a detailed listing of specifications, of requirements, commitments that had to be made; and they were, I believe, connected with the term, but I'm not certain. I can get that information for you. But they did not meet the published, in effect, bidding items.

GOVERNOR HUGHES: Okay.

MR. JAMES: Well, I think this is a rather important

thing to get started. We're asking this gentleman to take some risks to get this thing started and do the best he can to make it a successful pilot program, and I don't think the three-year period is unreasonable. I move we approve it.

GOVERNOR HUGHES: I'll second it. Any further discussion?

(No response.)

GOVERNOR HUGHES: All in favor, say "no." I mean, all in favor, say "aye."

(Laughter.)

MR. JAMES: Sound like Louie Phipps.

GOVERNOR HUGHES: It's been a rough week. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

MR. GOLDSTEIN: I'm voting against it because I don't want to give anybody an exclusive right to have that kind of business on that airport.

GOVERNOR HUGHES: Next item, University of Maryland, General Services Agenda, page 30.

MR. SEBODA: Yes, sir, Governor. What this is, is

an exchange of property for the University of Maryland at Baltimore. Item 25-RP of the December 1, 1982 agenda of the Board of Public Works approved the swap of 502 West Fayette Street for 506 West Fayette Street so that the operator of the restaurant nextdoor to 502 could expand his business. Subsequent to that, the building burnt down, and that you now have a revised item that gives -- still gives the swap. We get the vacant lot plus \$19,000 cash.

At the pre-Board meeting, the Treasurer had asked that someone from Maryland Historic Trust get up and talk about the historic easement that they want on the property.

MR. JAMES: Well, the question I really wanted to know was whether the University is willing to accept the historic easement and whether the purchaser who'll get the property is willing to accept it that way.

MR. SEBODA: The answer to both those questions is yes.

MR. JAMES: The answer is yes?

MR. SEBODA: Yes.

MR. JAMES: Well, that's all I wanted to know.

Do you want hear from --

GOVERNOR HUGHES: No, if there's no problem on it.

MR. JAMES: All right then. That's all. I thought maybe there might be a hang-up if the University of Maryland were not willing to accept it.

MR. SEBODA: No. We had discussions with them since the pre-Board meeting, and they said they would accept it, and so would the property-owner.

MR. JAMES: Okay.

GOVERNOR HUGHES: There's apparently no problem with it. So do you make a motion on that item?

MR. JAMES: Yes, I'll move it.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the item be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. Department of Natural Resources, General Services Agenda, page 50.

MR. SEBODA: Yes, sir, Governor. What this is, is Rosaryville State Park, is a proposal from a private

corporation to take over 85 acres of Rosaryville State Park. I have a map here that delineates the areas in question, and that they will restore it, operate it. Based on that, over the period of the lease, we will have a sliding scale that will pay us a fixed fee plus a certain percentage of the gross profit. We have here representatives of the group that are making the proposal; and that, if you have any questions, they would be happy to address them.

GOVERNOR HUGHES: Any questions on this?

MR. GOLDSTEIN: I think we ought to have Mr. Kulla, the President --

GOVERNOR HUGHES: Okay. Mr. Kulla or whoever, his representative.

MR. GOLDSTEIN: Right.

MR. KULLA: Good morning.

GOVERNOR HUGHES: Good morning.

MR. GOLDSTEIN: Mr. Kulla, what is the time schedule for renovating the place and getting it in shape and starting business?

MR. KULLA: After all of the plans have been approved by the Department and the appropriate people, probably

a year, 12 to 18 months.

MS. REYNOLD: Would you mind giving your name and affiliation for the record.

MR. KULLA: Yes. My name is Frank Kulla. I'm the President of Chambord Corporation.

MR. GOLDSTEIN: Do you propose to add any additional buildings there for occupancy, like overnight, like bread and board, or bed and board?

GOVERNOR HUGHES: Bed and breakfast.

MR. GOLDSTEIN: Bed and breakfast. I know they have different names for it in different places.

MR. KULLA: Not an extensive facility for overnight guests. At the most, we would envision probably a facility with not many more than 20 to 25 rooms; and the mansion itself would be restored as closely as possible to the state that it was in in its glory days, and that would serve as the restaurant and with two guest suites and meeting facilities.

MR. GOLDSTEIN: I want to congratulate you. That's a historic old place. That's where Lord Baltimore did his hunting and loving and a lot of other things.

MR. KULLA: The history is so fascinating on the building, and we -- several years ago, we became interested in trying to acquire an historic property in this area to renovate. We had been long interested in preservation and had done some work with the National Trust for Historic Preservation in the publishing vein some years ago; and we were long interested in finding a building that we could renovate and restore and operate as an inn/restaurant; and, finally, when we heard of this, through Bill Grovermann of the Department of Economic Development and Community Development, we talked with the people at Department of Natural Resources, and I think we had some very fruitful discussions and very cooperative ones. They've been most helpful, and I think it's a plan that we're all enthusiastic about.

The building has not been open to the public; and, with your approval, in a year and a half, why, it will be, and we look forward very much to getting started and to bringing the building back and having a very successful facility for all of us.

MR. GOLDSTEIN: Governor, I move we approve it. I'm so happy to see somebody like him come down here and talk

like that.

MR. KULLA: Well, I hope that this might be a model to show the cooperation that can exist between private and public sector to restore properties and to do constructive things with it.

MR. GOLDSTEIN: Well, we've been talking about it for a long time, but you're the first one to come right here and say you can do it with your own money. We're so happy to see you.

MR. KULLA: Thank you, sir.

GOVERNOR HUGHES: In view of the Comptroller's statements about the Lord Baltimore's activities there, are you sure you're going to have enough rooms?

(Laughter.)

MR. KULLA: I hope so. I hope so.

MR. JAMES: He always mentions that. Every time we talk about this, he always mentions that.

MR. GOLDSTEIN: Well, if you read history like I read it and study it, that was his -- that was a very remote part of Maryland, see.

MR. JAMES: Well, this is a characteristic of all

great men. Don't you know that?

MR. GOLDSTEIN: That's right. Well, probably so. The women gave them courage, gave them the initiative to do things, you see. This was his hunting lodge.

MR. JAMES: Well, you'll have to have a special description of that for the visitors.

MR. KULLA: Oh, we will, we will, we will.

MR. JAMES: All right.

MR. GOLDSTEIN: Yes, sir.

MR. KULLA: The history will play an important part of the inn.

MR. GOLDSTEIN: That will be documented.

GOVERNOR HUGHES: It's been moved -- is there a second?

MR. JAMES: I second it.

MR. GOLDSTEIN: Thank you.

GOVERNOR HUGHES: It's been moved and seconded that we approve the item. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved.

MR. KULLA: Thank you.

GOVERNOR HUGHES: Thank you.

MR. GOLDSTEIN: Yes, sir.

MR. NEWMAN: Mr. Governor.

GOVERNOR HUGHES: Yes, sir.

MR. NEWMAN: There's -- I wanted to make sure that one item was understood. I'm Tom Newman from the Department of Natural Resources, negotiated the lease. We are -- at this time, there are bids on the property to complete our original obligation that we had to restore part of the exterior. Mr. Kulla's obligation will begin on a complete restoration of the -- to its historical part of it. We will be coming back shortly for this operational funds which we had committed this year, and I want to make sure you understood that it was coming back.

This property was purchased with HUD monies originally, and I have been working with HUD people, meeting all their satisfaction of their requirements, and we don't see any real problems with it.

MR. JAMES: What's our obligation?

MR. NEWMAN: Sir?

MR. JAMES: What is our obligation?

MR. NEWMAN: Our financial obligation?

MR. JAMES: Yes.

MR. NEWMAN: Originally, in our operating funds was to restore the exterior part. We have put money in on the roof and other things. Mr. John Flewelling is the architect -- working with the architect directly, could tell you the exact amount on that. Now, the question is on --

MR. JAMES: I understand we have to do some preliminary work before we turn the property over to Chambord.

MR. FLEWELLING: I'm John Flewelling with Department of Natural Resources.

MR. JAMES: And what's our obligation to put the property in --

MR. FLEWELLING: About a month and a half ago, the Board approved a contract to do some exterior stabilization. The low bidder on that project withdrew from the contract, and we're in the process right now of rebidding that for the exterior stabilization, more or less, to make it weather-tight,

repair the windows,, doors, repoint the brick and so on.

MR. JAMES: Well, what was the low bid?

MR. FLEWELLING: About \$129,000.

GOVERNOR HUGHES: Okay. Thank you.

MS. REYNOLD: Want to take a motion?

MR. GOLDSTEIN: I made the motion.

GOVERNOR HUGHES: It's been approved.

MR. JAMES: I seconded it.

GOVERNOR HUGHES: It's already been voted, yes.

We don't normally have that much discussion after an item has been approved.

MR. JAMES: That was something new.

MR. GOLDSTEIN: Yes, I remember that, the roof.

MR. JAMES: I didn't realize --

MR. GOLDSTEIN: Have you got something you want to give us?

MR. KREBS: This is what we're doing on other properties. I thought I'd make you aware of it.

MR. GOLDSTEIN: These two books.

MR. JAMES: Yes. Well, we haven't heard anything on those.

MR. GOLDSTEIN: We've been talking about this for years. "Dreams of yesterday are realizations of tomorrow." So we're finally glad to see the realizations.

MR. JAMES: Where's that barn?

MR. KREBS: That's the roof on the middle.

MR. JAMES: Oh, I see. Looks like my old barn that burned down.

MR. GOLDSTEIN: Like the roofs on the mill; we got that mill fixed up there in your county, wasn't it?

MR. JAMES: Yes.

GOVERNOR HUGHES: The next item is Towson State University, General Services Agenda, page 52.

MR. TALIAFERRO: I am Peter Taliaferro, counsel to the Board of Trustees of the State Universities and Colleges and Towson State University. I'm here to address any questions. I'll explain the general fabric of the documents that have been presented to the Board for the lease of a site at Towson State University, the development of a three-level parking garage there, and the leasing of it back to the State for the use of the Board of Trustees for the State Universities and Colleges.

There was some discussion at the pre-Board meeting regarding this, reflecting a variety of uncertainties by the Treasurer and by Mr. Goldstein. I'd be glad to present a summary of these, if that's -- of these documents, if that's the Board's pleasure, or go into particulars, if that's their pleasure.

GOVERNOR HUGHES: Well, one of the concerns of the Board is that these voluminous documents were just delivered to them on Thursday, and there have been revisions of those that were delivered Thursday.

MR. TALIAFERRO: The revisions I can address quite quickly.

GOVERNOR HUGHES: I think the feeling of the Board is to defer the item, so at least they have enough time to really examine this rather complicated arrangement.

MR. TALIAFERRO: There are a variety of factors which would bring our desire to have this acted upon rapidly, at least brought back as soon as possible if it cannot be acted upon today, since it is a construction project that could entail winter construction, if there is delay; and the goal right now is on a tight schedule to get the structure

finished before the commencement of the first semester next fall at the University. The site is right in the center of the campus, right by the Student Union.

GOVERNOR HUGHES: Well, that being so, why wasn't it down here earlier, so the Board at least would have adequate time to review it?

MR. TALIAFERRO: I cannot -- this is a Department of General Services project. Without passing the buck, I believe that the underlying sense was that this is essentially similar to the high-rise dormitory project that was constructed there, so that there was a general belief that the Board, having had familiarity with a prior project such as this --

MR. JAMES: There's a big difference.

MR. TALIAFERRO: -- would appreciate the similarity here; and we're prepared -- we have Bill Kahn here, who advised the Board and the University with regard to the development of that.

MR. JAMES: Well, I don't want to cut you off, but we need facts and figures on the loss of State income taxes, the loss of State property taxes, the impact of the Pickle

Bill; and none of that is available to us right now, and we told you we were going to defer it. I don't even know why you're here.

MR. TALIAFERRO: We were specifically requested to come down here, frankly.

MR. JAMES: I don't recall that.

MR. TALIAFERRO: We thought that there might be some questions that we could address now to facilitate your further rumination on this project.

MR. JAMES: Another thing is we may adopt a policy not to approve any of these -- any more of these. So it's a public question because the question is, well, how many of these are we going to approve. They're lined up, I understand; there's a lot in the pipeline; and, if we set a precedent here, it's going to be hard to turn anybody else down. So it's really a big issue. Really conspiring to deprive the State of income taxes and property taxes, Federal Government of income taxes; and it bothers me. I'm telling you, it bothers me.

GOVERNOR HUGHES: There's one difference.-- I don't know how significant it is -- in this and the dormitory

situation. In that situation, the developer had owned the land. In this situation, the school owns the land; right?

MR. TALIAFERRO: That's correct. The land is protected. We do get it back. We get it back enhanced by a structure. The security for the bonds, which would be issued through Baltimore County's authority to issue industrial revenue bonds, would be the income that we would pay for this; and we believe it's an optimum use of the private sector to achieve development of a facility for the University in a way that achieves fiscal benefits which would not, otherwise, be available.

MR. JAMES: There's a ten-year period, and they own the ground, and we don't have any claim to it.

MR. TALIAFERRO: During that -- that's correct. During that period, there is a fabric for preserving the property during that period. Certainly, if the developer desires to demolish the structure, he has the right to. He has to have it be his property to satisfy the Internal Revenue Service that it is his to depreciate; but we are obligating that he keep it --

MR. GOLDSTEIN: See, that's the gimmick in the

whole thing. It's the gimmick in the whole thing right there, sir.

MR. TALIAFERRO: You're right. That's --

MR. GOLDSTEIN: My folks taught me to never buy a pig in a poke. You probably don't understand that expression.

MR. TALIAFERRO: No, I recognize what you're talking about.

MR. GOLDSTEIN: You do, but that's the gimmick in the whole thing. We want that explored.

MR. TALIAFERRO: Well, we've got -- we're not just operating in a pig-in-a-poke context.

MR. GOLDSTEIN: I know.

MR. TALIAFERRO: We've got paperwork here which could be firm -- soft words, but we also carry a big stick. We've got eminent domain. We can come in and --

MR. JAMES: It could cost you a fortune. It could cost you a fortune --

MR. TALIAFERRO: No.

MR. JAMES: -- to condemn this property.

MR. TALIAFERRO: To exercise eminent domain on a

property which is obligated to revert to the State in ten years results in a tempering of the otherwise unencumbered feed price that you would have to pay for this. The return of this would not be equivalent to buying a fresh garage somewhere out there in the private sector. It's merely condemning ten years' use of a garage, or whatever period is less.

MR. JAMES: Worth a lot of money. Ten years' use of a garage is worth a lot of money.

MR. TALIAFERRO: It's cheaper than buying one straight up.

MR. GOLDSTEIN: Well, I think this is going to require a special meeting, myself.

MR. TALIAFERRO: We'd be glad to come and talk with you and review any aspect of this.

MR. GOLDSTEIN: Governor, I move we defer this today and see if we can't set up a special meeting where we can sit down in the quiet of your office or somebody's office and have Mr. Kahn and the attorneys from Venable, Baetjer and Howard explain this thing and explore all the details.

MR. TALIAFERRO: We'd be delighted.

MR. GOLDSTEIN: Because I didn't think you were

coming down here today. In other words, after you left on Monday, they gave us a revised copy of this business, which we didn't have.

MR. TALIAFERRO: I understood the sense of the Board expressed by both Mr. Goldstein and Mr. James, but we had a specific call late Tuesday, and we were requested to be here. So --

MR. GOLDSTEIN: Well, here's the file. After you left, at 3:05, I received this revised copy.

MR. TALIAFERRO: I can address the specific changes that are there.

MR. GOLDSTEIN: Well, no, we don't have time to do it today, but --

MR. TALIAFERRO: Certainly.

MR. GOLDSTEIN: -- this is something I want to sit down and read over and have Mr. Kahn explain it, along with Mr. Cook. I don't know you. I know those two gentlemen. I'm sure you're an able lawyer, too, but I've dealt with those folks, and I haven't dealt with you before.

MR. TALIAFERRO: Well, I appreciate that, but we're working on it, aren't we?

MR. GOLDSTEIN: Yes, sir.

MS. LIEDER: Governor, could we get from the developer of the college the financial pro-formas that they may have on this project, so we could examine them?

MR. TALIAFERRO: Certainly, this would be -- we could make any paperwork available to the Department of General Services.

MS. LIEDER: No. This is for State Planning.

MR. KAHN: I think it's fair to say, if we know in advance what it is, the questions that are on your minds that you'd like us to answer, we'll be prepared to answer them.

MR. JAMES: I'd like to know what the effects of the proposed Pickle Bill will be on this project. I understand that there are --

MR. TALIAFERRO: I could address that --

MR. JAMES: -- certain guarantees in here that, if that bill is passed, that there's a ceiling upon what the developer -- the effects on the developer and the costs will be transferred to the State. I'd like to know what those costs will be.

MR. TALIAFERRO: We'll be prepared to address that specifically.

MR. JAMES: Yes.

MR. TALIAFERRO: Thank you. Any further questions?

GOVERNOR HUGHES: Well, except -- I think, you know, the obvious problem here, in addition to those already mentioned, is to have such a complicated, exotic kind of a transaction and revised two days before the Board meeting and expect action on it is unreasonable; and, in the future, whoever's responsible for it, I would say that they better get them down here earlier, or the same thing is going to happen every time. We're going to defer it.

MR. TALIAFERRO: Thank you.

GOVERNOR HUGHES: Okay. Thank you. Now we go to the Department of Transportation Agenda.

MR. GOLDSTEIN: We never took action on deferring it.

MR. JAMES: Well, I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the item be deferred. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. MILLER: Good morning. I'm Jim Miller from the Department of Transportation.

MR. GOLDSTEIN: Wait a minute, Jim.

MR. MILLER: Today we have 23 items on the agenda.

MR. JAMES: I thought we'd see you sooner or later.

MR. MILLER: Sooner than I expected. We're withdrawing Item 19-RP on page 30.

MR. GOLDSTEIN: Withdrawn? Let's look at that and see what that is, page 30.

MR. MILLER: 19-RP on page 30 is withdrawn. At this time, we're prepared to answer any questions you may have.

MR. GOLDSTEIN: Yes. The reason I ask is -- I'm glad -- there's an article here in the Washington Post on the 8th, "GSA cancels sale after disclosure," not getting their price.

MR. MILLER: We have not been able to contact the individual in that case; so we don't really know at this point whether he'd be willing to pay an additional price for

that property.

MR. GOLDSTEIN: Not too much, but ought to get the appraised value. It's not that big a deal. Excuse me. Go ahead.

MR. MILLER: The 2, Mr. Kiladis will answer your questions on.

MR. KILADIS: My name is Nick Kiladis. I'm from the Mass Transit Administration. Item 2-C is the award of a contract for re-roofing several buildings at our Bush Street facility. You can see this is a fairly sizable contract. We had competition from outside the State in addition to the local roofing firms.

The low bid that was submitted by one firm was found to be non-responsive because of insufficiency of the bond that was provided, and this was approved by our Assistant Attorney General and by the Federal Urban Mass Transportation Administration as being a non-responsive bid."

We're recommending award to the firm noted herein, Warren-Ehret-Linck, located in Baltimore.

MR. GOLDSTEIN: How old are most of these roofs?

MR. KILADIS: These roofs?

MR. GOLDSTEIN: Yes, sir.

MR. KILADIS: Anywhere from 30 years up.

MR. GOLDSTEIN: Thirty years and up.

MR. KILADIS: Yes.

MR. GOLDSTEIN: Not flat roofs, are they?

MR. KILADIS: No.

MR. GOLDSTEIN: Good.

MR. KILADIS: Most of them are just a mixture of all kinds of patches, very frankly, of roofs; and you can see we're doing some roofing work. We're also removing some clerestories or blocking off some windows.

MR. GOLDSTEIN: That would help.

GOVERNOR HUGHES: These are the old Baltimore Transit buildings?

MR. KILADIS: Yes, they're the old buildings, the ones on Washington Boulevard.

GOVERNOR HUGHES: Yes. Okay.

MR. JAMES: Governor, on 2-C, I just want to call it to your attention; if this is a -- we're really losing \$86,000 here because of a so-called defective bid bond, and I want to call it to your attention that our report, which

you'll get shortly, on procurement will accommodate this kind of situation; and frequently we lose money because of some technical defect in a bid bond, and I think we ought to do something about it because it's probably a perfectly qualified contractor.

MR. MILLER: Yes, sir.

MR. JAMES: Put up five percent instead of ten percent --

GOVERNOR HUGHES: It's just a mistake on their part, is that it?

MR. MILLER: I don't really know.

GOVERNOR HUGHES: Or couldn't they get a ten percent bond?

MR. MILLER: Nick, do you know?

MR. KILADIS: We think it was a mistake, but they certainly didn't argue the case. Once we told them, you know, brought it to their attention, they said, "Yeah, I guess we goofed." See, it's such a traditional thing in the construction industry that they know what the rules are.

GOVERNOR HUGHES: Yes.

MR. KILADIS: So that there was absolutely no --

MR. JAMES: I've never seen ten percent. We always --

MR. KILADIS: Our agency has always had ten percent.

MR. JAMES: Do you? Well, maybe so.

GOVERNOR HUGHES: Well, it's a pretty good example, assuming this is a qualified contractor, of a need for some flexibility in this kind of situation.

MR. JAMES: Okay.

MR. GOLDSTEIN: Item 3-C -- Item 3-C-MOD, I think ought to be brought up to date.

MR. MILLER: Yes, sir. Mr. Green will answer your questions.

MR. GREEN: Good morning. I'm Bob Green, Deputy Port Administrator. Item 3-C asks for your approval of a change order to a site dewatering contract that we are in the midst of at the Seagirt Marine Terminal. This is the site that is to be turned over to the State of Maryland once the complete tunnel project is finished. We have already gotten in there on some preliminary work, and we are in the midst of our dewatering process. Following this process comes the stabilization and then eventually construction.

This change order permits us to get in there and increase the area, the number of test cells to work with the material. The material is much more fluid than anyone anticipated when the contract was first started, and that's the reason for the change order is to increase the amount of the area we're working on.

MR. GOLDSTEIN: How much delay is this going to cause because of this unusual material and you have to de-water it?

MR. GREEN: I can't tell you that. If I assume there is no unreasonable delay, we would expect to be able to open with the first berth in about 1987.

MR. GOLDSTEIN: 1987?

MR. GREEN: About 1987. The --

MR. JAMES: This is a long-range project.

MR. GREEN: This is a -- yes, it's a very long-range project; and, as I reported to you before, there are some problems with this project. The Interstate Division, the City of Baltimore, have been having meetings with the Federal Highway Administration to see about correction of some of the problems. As soon as they get back to us with

their proposal on how they propose to do it -- and I would like to set up a separate special meeting to review all on that. I had --

MR. GOLDSTEIN: What Federal agency --

MR. GREEN: -- originally expected to do this sometime in early August, but the Federal Highway people have not gotten back to us yet.

MR. GOLDSTEIN: That's the Federal Government Highway Administration?

MR. GREEN: Federal Highway Administration, yes.

MR. GOLDSTEIN: How about the bulkhead? Is there any more problems? Is the bulkhead still moving?

MR. GREEN: No, it is not moving, but that's part of the problem. We want the Interstate --

MR. GOLDSTEIN: It's leaning.

MR. GREEN: We want the Interstate Division to come back to us with their proposal to stabilize that bulkhead so that -- before we go in to start working on it, because it has to be fixed before we go in and start putting crane foundations and everything on it.

MR. GOLDSTEIN: What's that going to cost?

MR. GREEN: I don't know that because they haven't gotten back to us yet.

MR. JAMES: Plenty.

GOVERNOR HUGHES: But that would be their expense.

MR. GREEN: That's their expense.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: Thank you, sir. A big project, a big headache. Number 4, he explained that the other day. It's a credit that we get.

How about Item Number 5-C-MOD?

MR. MILLER: Item 5? Mr. Kiladis will answer your questions.

MR. KILADIS: Item 5-C-MOD is a change order to our supervisory and control system contract. This particular contract is used to monitor all our protection systems, fire protection systems, and to monitor the status of our various operating systems, such as ventilation and traction power. In developing the contract requirements, some things were, frankly, overlooked; and these particular changes are required, we feel, for -- all for safety purposes: emergency trip indicators, the installation of additional smoke

detectors, various annunciator units of the various sub-systems.

MR. GOLDSTEIN: You think you have adequate controls for smoke, fire --

MR. KILADIS: We think so, yes. This has all been --

MR. GOLDSTEIN: Have you tested it yet?

MR. KILADIS: Yes, they've been tested. They were tested along with the people from the Baltimore City Fire Department.

MR. JAMES: Louis, you're a volunteer fireman. The volunteer fireman is always coming out in you, you know that?

MR. GOLDSTEIN: Well, let me tell you something. An ounce of prevention is worth many pounds of cure.

MR. JAMES: That's right.

MR. GOLDSTEIN: Many a person gets burnt up in houses and hotels because they don't have adequate safety factors, and I can tell you that. That's the cheapest investment you can make and the best investment. You take going through that tunnel, if something goes wrong -- if something goes wrong, it's going to be a hell of a mess, I

can tell you; and, if you've got all the safety factors and you've got -- and we insisted the seats be not out of that "poly" stuff. You know, down there in Louisville, Kentucky, they had that fire, and the people died right in the chair. They suffocated, never got out of their chair. The smoke from that chemical in that artificial fiber or fabric -- they died; 500 of them died right from smoke coming into their nostrils. They couldn't -- that quick, they're out, you see.

MR. JAMES: Right.

MR. GOLDSTEIN: And we don't want that to happen. We hope it never happens. That's the reason I ask these questions.

MR. JAMES: Well, I didn't say that sarcastically. I think your volunteer fireman background makes you very conscious of it.

MR. GOLDSTEIN: Yes, sir. I went to the University of Maryland, and I took all those training courses. Then I went in the Marines. I was a TQ, a Transport Quartermaster, and took loading plans for ships -- manganese bombs, napalm, ammunition, you name it. You had to know what the hell was

going on there if something were to happen. So it's in your subconscious mind, and all of a sudden it comes right out, which is good, see. That's the advantage of a liberal arts education.

MR. JAMES: Right.

MR. GOLDSTEIN: It trains you to think, you see, trains you to think.

MR. JAMES: Well, Cicero said -- Cicero said, once, "When to an intelligent nature a rigorous course of training is added, then that belle ideal is the one to blossom forth." So it applies to you, sir.

MR. GOLDSTEIN: Thank you. Well, I'm glad I meet that criteria. I feel better already today. Man, I feel good. Thank you.

GOVERNOR HUGHES: Anything further on this item?

(Laughter.)

MR. GOLDSTEIN: Put that in the agenda, what Cicero said; and the Honorable Treasurer said it applies to me. Thank you. All right. We'd better get back to --

MR. JAMES: I learned that at the old tome school.

MR. GOLDSTEIN: That's great.

MR. JAMES: Let's see now, those legal services.

MR. GOLDSTEIN: Item 7, I think you ought to have --

MR. JAMES: Well, we know about that. That's
okay.

MR. GOLDSTEIN: Yes. That's handling the special
cases.

MR. JAMES: Yes.

MR. GOLDSTEIN: My next one is 11. Let's see what
11 is.

MR. JAMES: BWI parking.

MR. GOLDSTEIN: Yes, sir.

MR. MILLER: Mr. Schaus is here to answer your
questions on that item.

MR. SCHAUS: Item 11 is a --

MR. GOLDSTEIN: How are you coming along with that?

MR. SCHAUS: Pardon me, sir?

MR. GOLDSTEIN: How are you coming along with that
garage?

MR. SCHAUS: We are getting ready to put out a
request for proposals for the actual construction design of
a structured parking facility in front of the terminal. Our

plans have that facility coming on line in 1986.

MR. GOLDSTEIN: It will be 1986 before you get it finished? What are you going to do in the meantime?

MR. SCHAUS: We're going to go through the procurement process and select a consultant to design the facility, sir. Then we will advertise for contractors to construct it, and it will be 1986 before that can be accomplished.

GOVERNOR HUGHES: But you are creating other --

MR. SCHAUS: Yes. This --

GOVERNOR HUGHES: -- parking back on Hammonds Ferry Road there.

MR. SCHAUS: Yes, sir. That's what this particular contract that's before you to be modified today addresses. It addresses the broad picture of what is our parking requirements, what are the interim steps that have to be taken to get to the point of actually constructing the permanent facility.

MR. GOLDSTEIN: The reason I asked you that question, you had the Mormon people here who wanted to build a garage; will, say, start in December, and they'll have it finished by next August -- 9 - 10 months. Here you're talking about

1986, three more years; and you've got a mess there with parking, you know that, right now, haven't you?

MR. SCHAUS: No, sir. I wouldn't describe it as a mess. I think we've taken the appropriate action to accommodate the traveling public.

MR. GOLDSTEIN: Well, excuse me, strike out the word "mess." You've got a problem. I'll use the word "problem" instead of "mess."

GOVERNOR HUGHES: The point I'm making, they're already clearing a lot of parking space back on Hammonds Ferry Road for expansion of the existing parking.

MR. SCHAUS: That's correct.

GOVERNOR HUGHES: That's for the --

MR. SCHAUS: The construction activity that's occurring now, regardless of who would construct or how the permanent facility would be financed, would have to occur because you have to have acreage available for the contractor to set up his equipment to do the actual construction. When that takes place in the center area of the terminal, that will displace large numbers of parking spaces that are currently accommodating the traveling public, the rental cars

companies, and users such as that.

MR. JAMES: Well, that's the reason for speedy action; and, if you're going to take three years to accomplish that -- it's incredible to me that it would take that long. What are the hurdles?

MR. GOLDSTEIN: That's the reason why I was asking the question.

GOVERNOR HUGHES: Well, I think the --

MR. SCHAUS: Well, first, this contract will really tell us the size of the particular facility that we need. What has happened is, as you're certainly aware, our passenger growth activity has just skyrocketed in the last 18 months. This contract was going through and using a set of parameters that had a much slower growth rate, but we've had Piedmont come along. We've had other air service development. The airport is growing at a rate that was far beyond our most liberal expectations. This contract gives us the interim facilities to then be able to construct that new permanent facility, but what --

MR. JAMES: Will this provide for interim facilities?

MR. SCHAUS: This is providing for interim facilities and looking at our new growth rate and determining what

the size should be of the new facility, not designing it, but simply telling us -- having parking experts look at the projections, look at all the variables that they do, and saying that, "You should be building a facility that accommodates 3,000 cars as opposed to 2,000 cars, and it should be in the following location, and it impacts your road networks in the following manners; and this is the considerations and factors that have to be taken into account."

The financing of the new structured parking facility has not been determined. Secretary Bridwell is personally exploring several various methods of financing that facility.

GOVERNOR HUGHES: When will the new parking areas be finished out on Hammonds Ferry Road?

MR. SCHAUS: We will have the Poplar Avenue, that one that you first come to as you're coming up from Annapolis, available on November 15 to accommodate the Thanksgiving crunch. Last year we were fortunate to have the General Aviation Complex runway available and some of the parking areas because the terminal was still being built for the Thanksgiving and Christmas crunches. That facility is

currently open. We don't have that available to us. So those are geared, and the contracts are held, and they're moving on schedule to have that open for the Thanksgiving crunch.

GOVERNOR HUGHES: It's a pretty large capacity, isn't it?

MR. SCHAUS: It has a capacity for 2,800 spaces.

GOVERNOR HUGHES: And that will give you surge space, too, when you construct this one where that is.

MR. SCHAUS: It will give us surge space; yes, sir.

MR. JAMES: Well, you have bus service. So --

MR. SCHAUS: It will be a shuttle bus service, yes.

MR. JAMES: Yes. That's pretty convenient. Well, will you consider whether you need a double-deck at all, because I can see some disadvantages to the two-tier parking? You know, it's hard to get in and out of and all that.

MR. SCHAUS: Most of the -- the designs so far have three structures above the ground; it's anticipated at this time pretty much up to the upper level roadway height, so that the aesthetics of the terminal building are not infringed on by the parking structure; and then we have space

behind it to go for another one in out-years. That would then give the traveling public the ability to pull into the garage and be totally under cover by the tunnel to come into the terminal building.

MR. JAMES: Tie in with the tunnel.

MR. SCHAUS: Yes, sir, the tunnel that already exists.

MR. JAMES: Okay.

MR. SCHAUS: The tunnel is already there?

GOVERNOR HUGHES: The terminal was constructed anticipating this structured parking at some future date.

MR. SCHAUS: Yes, sir.

MR. JAMES: Well, of course, people come in there with heavy bags and all that; and, when you get in a bus and you can ride right up to the front of the terminal, that's very convenient; but, if you have to get out and carry your heavy bags through that tunnel, that's not --

MR. SCHAUS: Well, we would -- we encourage people and it's -- we would encourage people, and it is signed, so that, if you do have heavy bags that you don't want to carry, you would pull up to the front of the terminal. The skycap

would take the bags right at that point, check your bag through. You would then continue on the exit road and then come into the parking structure facility that way. So you would not have to carry your bags that distance.

MR. GOLDSTEIN: Have you ever thought about having young people there to take the car and park it for them?

MR. SCHAUS: Yes, sir. We still will have that service available, and that's one of our very popular and strong marketing points for the airport -- our valet service.

MR. GOLDSTEIN: Valet -- in other words, Senator James pulls his car right up there to the "XYZ Aircraft Company" who's going to fly him, and the valet takes his car and says, "Senator James, I'll have your car back here tomorrow morning or next week when you get back from your trip to Asia." That makes it very nice. You don't mind.

GOVERNOR HUGHES: Not him, he's too frugal a type to pay for something like that.

MR. GOLDSTEIN: Sir? Sir?

GOVERNOR HUGHES: He's too tight to pay for that service.

MR. GOLDSTEIN: Is that right?

MR. JAMES: I charge the State.

(Laughter.)

MR. GOLDSTEIN: I mean, really, and that's the kind of service people want.

MR. SCHAUS: I agree with you, sir, and it's very popular, and we are looking to even continue that beyond 1986 when the structured parking facility is on line.

MR. GOLDSTEIN: Will you figure on putting a moving escalator in that tunnel, like you've got down in Atlanta?

MR. SCHAUS: We would not do that until, probably, in the 1990's sometime when they went to a second structure behind the first.

MR. GOLDSTEIN: I see.

MR. SCHAUS: The consultants looked at the distances. We've looked at other airports, and felt that it is not that far to walk in. Basically, it's the hourly parking lot, the most -- closest lot where people walk in now. It's a very short distance where that structure will be.

MR. GOLDSTEIN: Okay.

MR. JAMES: You know, it's going to be hard to educate the public to drive up, look for a skycap -- if you can find one -- and then come on around and park your car.

GOVERNOR HUGHES: Well, it's no different than it is right now. It will be the same thing. They'll just be parking --

MR. SCHAUS: It's working. That is the system at the present time.

MR. JAMES: Yes, it is, it's different because you can wait for the bus; the bus takes you right up there with your bag. You know, you go in there with two or three heavy bags, and you have a real problem. I just want you to think about that, that's all.

MR. SCHAUS: Well, the only comment I would make is the passengers using the bus in the near future -- when the new lots open -- will be passengers who will be using, quote, "satellite parking," unless we're into a crunch, and then that's a different situation. That will be at a much lower rate, recognizing the fact that it is a distance from the terminal, that the passenger will have a longer bus ride. So it is being priced for that. It's, basically, we're trying to give them an alternative, at the same time accommodating everyone.

MR. GOLDSTEIN: Let me ask you a very pertinent

question: Will these buses be rack in other words; I could park out on Hammonds Ferry Road - We will be leasing some

MR. SCHAUS: Yes, sir. additional space to the private lot that's going to open.

MR. GOLDSTEIN: -- and my wife and myself have four bags, two big ones and two small ones. Is there a place to put the bags, or do you have to put the bags in the aisle? last time I came back from a trip; the very thing

MR. SCHAUS: No, sir. I'm talking about you know, people irritable and the plane's

MR. GOLDSTEIN: Like in New York, you go to New York, it will drive you nuts. You come in the airport, and you've got -- you come in from Europe or Asia; then you've got to transfer to another plane way over here; and if you try to get on that damn bus, it's worth your life because they have no place to put the bags, and you've got to tote those bags. You've got to fight with 27 people who say, "Get that bag out of my way; I have no room to put my feet."

I've seen all these discussions go on. Now, what provisions are you making for the bags? Have you all experienced that?

MR. SCHAUS: The existing buses, the newer set of buses that we bought two years ago, are airport shuttle buses. They're designed to accommodate just what you're describing,

MR. GOLDSTEIN: That's right. He represented Baltimore City; and to get him and Mr. Crain together wasn't no easy task. Harry, you know about it, don't you?

GOVERNOR HUGHES: Well, that was a little before my time, I think. I know about Bill Addleson, yes.

MR. GOLDSTEIN: Yes, but you know about the latter stage of it. It was during your administration.

GOVERNOR HUGHES: Oh, yes, yes, sure.

MR. GOLDSTEIN: All right.

GOVERNOR HUGHES: And it's a fine airport.

MR. GOLDSTEIN: That's right; but, if you've got a fine first-class airport, you want to have first-class facilities.

MR. JAMES: Okay.

MR. GOLDSTEIN: That's what we're talking about. We're trying to help you:

MR. SCHAUS: I realize that, sir.

MR. GOLDSTEIN: Trying to help you, sir.

MR. JAMES: Okay.

MR. GOLDSTEIN: You see, you're sitting up there in a nice air-conditioned building; you don't hear what those

people are saying down there.

MR. JAMES: Okay. Well, that's very good.

MR. GOLDSTEIN: All right. We've got that straightened out. Number 12, Number 12.

MR. JAMES: Wait a minute now. That's all right.

MR. GOLDSTEIN: That's a good deal. It's come in about 10,000 below the estimate.

Number 13 -- 14 --

MR. JAMES: Now, Governor, on 13, another thing I'll call to your attention -- on 13, see, you've only got one bid, and the reason is it's too complicated to bid on Maryland -- for Maryland contracts. Somewhere in here, I believe it says that, or at least I --

GOVERNOR HUGHES: "Dissatisfaction with the required competitive sealed bid process."

MR. JAMES: Yes, and they're having a hard time getting bids on automobiles and trucks and anything. Aren't they, Colonel?

MR. BOSLEY: Just mostly on the specialized equipment.

MR. JAMES: Specialized equipment, yes. Well, I

understand --

GOVERNOR HUGHES: You had a lot of bidding on the automobiles, didn't you?

MR. BOSLEY: Yes, on the automobiles. You have that on the -- not this time, next time.

MR. JAMES: Okay.

MR. BOSLEY: We had about 12 or 15. I know, I've seen it.

MS. REYNOLD: I haven't.

MR. GOLDSTEIN: My next one was Item Number 14.

MR. JAMES: Yes.

MR. MILLER: Mr. Schaus will answer your questions on that.

MR. SCHAUS: This is a contract to establish a standard rental agreement for space at Martin State Airport. This will preclude the Aviation Administration from bringing large numbers of leases -- or I should say frequent leases before you that have identical terms.

MR. GOLDSTEIN: I think, in order to keep the State from going into the red, that all these lessees ought to pay for all the utilities, their heat and light. Then it goes up;

you don't have to worry about it.

MR. JAMES: Well, that's what you do at BWI, isn't it?

MR. SCHAUS: Yes, and we have the ability, and these rates here are calculated to recover our operations and maintenance expenses, which include utility expenses.

MR. JAMES: Well, the question we discussed on Monday, and that is the type of reporting. Now, this says quarterly. I'm not so much concerned about quarterly reporting, but just a periodic review of the rates.

MR. SCHAUS: I think quarterly is probably a little more than we need. We're probably going to be sending you quite a few blank quarters when we may not have that much activity. It tends to run in spurts, but I think we could work that out separately, if you'd like.

MR. JAMES: Well, as long as you comply with the approval here, I don't see a great deal of need for reporting so frequently. I think, at the Trade Center, don't we have an annual review at the Trade Center?

MR. MILLER: No, I believe that's quarterly, Senator James. I believe that's quarterly reporting.

MR. JAMES: Quarterly. We ought to be uniform, whatever we do.

MR. GOLDSTEIN: Well, the only thing I'm concerned about, when these rates go up -- just like telephone rates; nobody can sit down and tell you what the telephone rate is going to be this time next January. You know that.

MR. SCHAUS: Yes, sir.

MR. GOLDSTEIN: Same way with oil, if that top man over in Iran has his way, based on what I heard on the TV this morning, and those French jets from Iraq start attacking, he's going to close off the whole situation over there. Oil prices may skyrocket overnight. I just want to be sure we've got protections in here for that.

MR. SCHAUS: This contract provides us with the ability to revise those rates, anticipating and looking at our previous year actual, what we think those expenses will be in the next year of the contract.

MR. GOLDSTEIN: Yes, but you may get tied up within that year. That's the point I'm making.

MR. SCHAUS: The only other way to do it then would be to have individual meters, and we have looked at that at

Martin and have determined that the expense to put the meters in is really not cost justifiable. We still have plans to be able to move away from those old hangars and begin construction of a new general aviation facility there.

MR. JAMES: How often do you review the rates? How often?

MR. SCHAUS: Annually, sir.

MR. JAMES: Annually. Is that in here --

MR. SCHAUS: Yes.

MR. JAMES: -- or is that just the policy?

MR. SCHAUS: Yes. No, it is in here. It's part of the attachment. It is an annual review of rates.

MR. GOLDSTEIN: But the trouble is -- you take like Baltimore Gas and Electric and these utilities come in now two and three times a year and get rate increases; and I want something in here, if the rates are increased, then you go ahead and increase their rates. That's a reasonable thing to ask.

MR. JAMES: We usually have in-state leases that the landlord can adjust the rent based on utility expenses, don't we?

MR. GOLDSTEIN: That's exactly right.

MR. JAMES: Ray -- where's Ray?

MR. BOSLEY: Yes, that's right.

MR. MILLER: That's correct.

MR. GOLDSTEIN: And we want the same kind of a clause in these leases.

MR. SCHAUS: We have -- in the other agreements that we have, our other standard agreements at BWI also, we have an annual renewal where we have, in effect, a fund set up for the recovery of utility expenses; and that also is on an annual basis.

MR. GOLDSTEIN: Can you recover it after the fact? Do you recover it after the fact?

MR. SCHAUS: Yes.

MR. GOLDSTEIN: In other words, say, the lease runs from January 1 to December 31; in March, the rate goes up on your electricity. Does that go back to --

MR. JAMES: No.

MR. SCHAUS: Yes. We look at our actual experience, see what our actual experience was. If our allocation was insufficient, we then would make an adjustment in the upcoming

fiscal year, as well as making a prediction or a prognosis as to where we think the rates will be in that year also; and that's the process that we go through on an annual basis.

MR. JAMES: Yes, but you're guessing. You're guessing.

MR. SCHAUS: Yes, sir. Well --

MR. JAMES: And why couldn't you -- why can't you put a clause in there which would permit you to adjust the rates based on utility increases?

MR. GOLDSTEIN: That's the point I'm making.

MR. JAMES: That's what we do -- that's what the State agrees to when we lease property from a land-owner.

MR. SCHAUS: We could probably add that language.

MR. JAMES: Yes. Well, I move that --

MR. SCHAUS: Without having meters, it's going to be an allocation again.

MR. JAMES: Well, you've got the total, and then you prorate it out, don't you?

MR. SCHAUS: Yes.

MR. JAMES: Don't you have the total and then -- that's the way you do in the BWI.

MR. SCHAUS: Yes. Okay. We can add language to that, that subject to changes in gas and electricity rates --

MR. JAMES: Well, I move we approve it subject to that revision. I move we approve it subject to that revision.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: It's been moved and seconded that we approve the item subject to, I assume, some escalation clause for --

MR. SCHAUS: For utility expenses.

GOVERNOR HUGHES: -- an increase in utility rates. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. JAMES: Now, let's see, 15 --

MR. GOLDSTEIN: All right. My next one was Number 15, let's see, 15. That's all right, that dollar a year.

MR. JAMES: Yes.

MR. GOLDSTEIN: 19 was withdrawn. 22, 22 --

MR. JAMES: That's the Trade Center, Louis.

MR. GOLDSTEIN: Yes, we took care of that. 23 -- Governor, that's the one I was explaining to you in the pre-Board meeting. The rate has gone from \$65 now to 75.

MR. JAMES: Seventy-six, seventy-six.

MR. GOLDSTEIN: Seventy-six dollars.

MR. JAMES: Yes.

MR. GOLDSTEIN: And next year you expect it to go up again, don't you?

MR. MILLER: I believe so. Mr. Green?

MR. GOLDSTEIN: Item Number 23-GM, page 39.

MR. GREEN: You're talking about Item 23. Yes. I think you're going to see a further escalation of parking rate fees in Baltimore City in the downtown area until there's a substantial number of additional parking garages put up.

MR. GOLDSTEIN: There will never be enough. I don't care how many are built downtown, there will never be enough.

MR. GREEN: I agree.

MR. GOLDSTEIN: They're putting up those high-rise

buildings.

MR. GREEN: Because everyone always wants to be as close as they possibly can.

MR. GOLDSTEIN: Right.

MR. JAMES: Okay. I move we approve the agenda.

MR. GOLDSTEIN: Just let me ask you one question. Why wouldn't the State be better off just to maybe rent a space and have a bus bring the people back and forth, like they do here in Annapolis? Because there's no way in the world to build enough parking in Annapolis to take care of the people who work here and the people who have business with State Government. That's why we improved that Navy-Marine Corps lot out there, and have a bus that brings the people in and out.

MR. GREEN: I think in Baltimore City, probably, the State agencies are spread out quite a bit. However, we do have an employees' parking lot that the City has provided, and we utilize that. I'm not familiar with any of the other arrangements for City agencies -- State agencies.

MR. GOLDSTEIN: Well, you have the Attorney General's office there in one building. You have yours down

at the other -- very close. I'm sure there's other buildings there on Baltimore Street the Welfare people, Social Services, whatever you call it.

MR. GREEN: The way Baltimore City is expanding, I'm not sure anybody could ever come to an agreement on what should remain a permanent parking lot.

MR. GOLDSTEIN: Getting to be very expensive. Go ahead, Bill, you made a motion.

MR. JAMES: Yes. I move we approve the Transportation Agenda except in those areas where we specially acted.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the Transportation Agenda be approved except where specially acted upon. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. MILLER: Thank you, gentlemen.

GOVERNOR HUGHES: Thank you. Secretary's Agenda.

MS. REYNOLD: Thank you.

GOVERNOR HUGHES: You're welcome.

MS. REYNOLD: This morning, the Secretary's Agenda consists of 25 items; and the Wetlands Administrator, Mr. Goldstein, has asked if you would mind deferring Items 6 and 7 until the next meeting.

MR. GOLDSTEIN: Items 6 and 7.

MS. REYNOLD: 6 is Boise Cascade --

MR. GOLDSTEIN: Oh, yes.

MR. JAMES: Which one is that?

MR. GOLDSTEIN: Items 6 and 7.

MS. REYNOLD: Sir?

MR. JAMES: Which one is that?

MS. REYNOLD: 6 and 7; it's the Boise Cascade and the other development item.

MR. JAMES: Oh, yes. Yes. Okay.

GOVERNOR HUGHES: How do I know it's 6 or 7?

MR. GOLDSTEIN: 6 on page --

MS. REYNOLD: Item 6 is on page 6.

MR. GOLDSTEIN: -- on page 6.

MS. REYNOLD: And Item 7 is on page 7.

MR. GOLDSTEIN: Deferred without discussion at the

request of Wetlands Administrator, right?

MS. REYNOLD: Yes, sir.

MR. GOLDSTEIN: Item Number 7 -- we're not holding up any construction on Number 7, are we?

MS. REYNOLD: No, sir. He said the delay would be no problem.

MR. GOLDSTEIN: Okay. All right. Number 10 -- took care of that this morning. Bill, is there any explanation you want to give on Number 11?

MR. JAMES: Well, I think Sandy can. She's been involved in that.

MR. GOLDSTEIN: Okay.

MR. JAMES: Do you want to say --

MS. REYNOLD: Would you like me to summarize it?

MR. JAMES: Yes, go ahead, Sandy.

MS. REYNOLD: Item 11 on the Secretary's Agenda is a submission of a recommendation that, essentially, evolved from the James Committee, which was appointed by the Governor to study Article 21, Procurement. It was chaired by Treasurer James; and, as you know, I guess, a few months ago, the existing Procurement Advisory Council was asked to

suspend operations while the James Committee took a look at Article 21; and evolving from that study has come a recommendation that the Procurement Advisory Council be reconstituted with the membership listed here on Item 11, consisting of the Secretaries of the four procurement departments, which includes President Toll of the University and myself.

The Council would, it's anticipated, meet only once or twice a year. The James Committee does not envision a bureaucracy that meets weekly and proposes endless regulations and that sort of thing. It's mainly an attempt to get the big four procurement agency heads together to talk about any problems that have evolved or to give direction.

MR. JAMES: Well, we have a staff here to include that.

MS. REYNOLD: Yes.

MR. JAMES: And procurement is probably -- well, I'd say a major function of a department. Would you say that, Earl?

MR. SEBODA: Yes, sir.

MR. JAMES: And this provides the top echelon people who can be called in to review the recommendations

of the staff and keep up with what's going on in the area of procurement. We don't visualize many meetings because the staff ought to be able to perform the technical function, but at least the top people ought to know what happens in procurement in the State. There's a lot of money involved, tremendous amount of money involved. I forget the figure. What would you say it involves, Earl?

MR. SEBODA: Out of our department alone, we're talking about a quarter of a million dollars -- or a quarter of a billion dollars.

MR. JAMES: Yes.

MR. GOLDSTEIN: Two hundred and fifty million.

MR. JAMES: And I'm sure Transportation is --

MR. GOLDSTEIN: I would say a third of the budget deals with procurement one way or the other, at least that.

MR. JAMES: Yes. So this is a very, very important item.

MR. SEBODA: And I think the people that has this this time around, that we will be structuring any regulations that occur to the individual agencies, trying to have absolute uniformity, and that will knock out the need for the

bureaucracy.

MR. JAMES: If we can get the changes that we need, yes.

MR. GOLDSTEIN: Now you're talking; you're going to have uniformity.

MR. JAMES: If we can get -- we have to get the law changed on that. If we can get it changed, why, then you'll be able to tailor the procurement requirements to the particular agency. Well, that's the situation. We'll see how it works. Of course, these gentlemen can bring along their advisors.

MS. REYNOLD: I think that you had recommended early on, however, that the Board of Public Works ask these individuals to take the time once or twice a year to do this function and that we don't get into a situation where we have the delegation to the tenth line level down.

MR. JAMES: When will the staff be on board?

MS. REYNOLD: Probably within a couple of months, at worst.

MR. JAMES: Well, could you draft a letter to these people and tell them what the situation is and when

the staff will be operational.

MS. REYNOLD: Sure. I'll be glad to.

MR. JAMES: All right. I think it should come from the Board. Okay.

MR. GOLDSTEIN: All right. Let's see, Number 18 --

MR. JAMES: That 16, Louis, we've got a reversion of \$1,000,000 on the Gwynn Falls Interceptor. I was wondering why we would get a reversion of \$1,000,000.

MR. JOHNSON: My name is Clifford Johnson, from the Office of Environmental Programs. This project -- this particular project has about \$16,000,000 worth of -- total in it, and this reversion comes about as a result of the bidding process, bringing the price down by a total of about 4,000,000.

MR. JAMES: Amazing, it's amazing.

MR. JOHNSON: There's a lot of money in this particular business.

MR. JAMES: Okay. 18, Louis, they got quite a few applicants here.

MR. GOLDSTEIN: Yes, sir. Well, it's getting more diversified now.

MR. JAMES: Yes.

MR. GOLDSTEIN: They got Baltimore County and Garrétt, Carroll, Washington, Charles, Frederick, Caroline, Allegany, Queen Anne's. So it's getting to be a diversified program, which I'm glad to see.

My next one is --

MR. JAMES: I'm amazed to see the participation.

MR. GOLDSTEIN: Yes. A lot of land needs working on it. I think you asked about Roxbury the other day, Item 23, page 35, naming that prison up there in Western Maryland.

MR. JAMES: I had no question about it.

MR. GOLDSTEIN: Everybody agrees on it, so there's no problem.

GOVERNOR HUGHES: Hagerstown very much wants it.

MR. GOLDSTEIN: They're glad to get a new name, aren't they? Take it out of Hagerstown.

Item 25, Bill, I think we ought to get --

MR. JAMES: Louis, I want to ask a question about
24.

MR. GOLDSTEIN: Excuse me.

MR. JAMES: Could we check to see whether we can use the Retainage Fund for 24?

MS. REYNOLD: Okay. I'll check into it.

MR. JAMES: Because, if they need the money right away, why, we could -- if they don't need the money right away -- I don't know. It's a small one.

MS. REYNOLD: Yes. I'll double-check. Mr. McGinty of my office checked with State Planning, and this was not one that was brought up as a possibility at that time, but I'll double-check.

MR. JAMES: All right.

MR. SEBODA: I think that they will be coming back very quickly to use that money. I think they've already committed to about \$37,000.

MR. JAMES: Yes. We have these small grants. We've got 700,000 in the Retainage Fund, so we could take care of it immediately.

MS. LIEDER: You have a letter coming on that. There's about 800,000 in the Retainage Fund, but there's apparently only one project that's ready to move right now, and it's not this one.

MS. REYNOLD: Yes, that was the gist of our discussions.

MR. JAMES: Yes. Well, even if -- if you have a bond issue for \$25,000, I really think it's ridiculous to include it in the bond issue and pay interest on it. It seems to me that we could use the Retainage Fund to wipe out some of those small grants, even though it may be a while before they're going to need the money.

MR. SEBODA: No, but I do know that it will be coming in very quickly for a portion of it, because they were in to see me about a week or so ago.

MR. JAMES: Okay.

MR. GOLDSTEIN: Governor, Item 25, State Treasurer, we brought up the other day about that stock. We checked it, and we have right much stock, around 22,210 shares; not bringing any income. So that's about 800 and some thousand dollars we'll get from that stock. Right now, we're getting no money at all.

MR. JAMES: Ed, do you want to say anything about 25, that is, the sale of the stock?

MR. SCHAMEL: Not unless you want me to.

MR. JAMES: Well, what's the latest price on it?

MR. SCHAMEL: Thirty-nine.

MR. JAMES: Thirty-nine even.

MR. SCHAMEL: As of this morning, sir.

MR. JAMES: Okay. All right.

MR. GOLDSTEIN: I move we approve the agenda with the exception of the ones that were withdrawn or prior approved.

MR. JAMES: If we need -- do you think we need a special motion on 25?

MR. GOLDSTEIN: All right. I'll make it. I move that we approve the sale of the Penn Central Railroad stock.

MR. JAMES: I'll second it.

GOVERNOR HUGHES: It's been moved and seconded that Item 25 be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. JAMES: Then I move on the rest of the agenda.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the Secretary's Agenda be approved except for those items previously acted upon. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. GOLDSTEIN: Open Space -- I didn't have anything on Open Space, myself.

MR. JAMES: Let's see. No, I didn't have anything either.

MR. GOLDSTEIN: I move we approve the Open Space Agenda.

MR. JAMES: While we're on that, though, who's representing Natural Resources here today? Anybody?

MS. LIEDER: Bill Krebs is.

MR. GOLDSTEIN: He's sitting back there relaxing.

MR. JAMES: We're having a problem about settlement on Terrapin Beach. I had called Fred and asked him to look into it with the Attorney General's Office. I'd like to get a report back on that. There seems to be some delay.

MR. PLOCEK: I know we've met with State Highway on their portion of it and all. I'll get something from Mr. Eskew for you today or this afternoon and give it to the full Board.

MR. GOLDSTEIN: Yes. I understood it was something about the title. I see that Queen Anne's County had a title search, and the Highway people had a title search.

MR. PLOCEK: I'm sorry, I'm not -- have full knowledge of that.

MR. GOLDSTEIN: Okay. But can we --

GOVERNOR HUGHES: Well, we had a letter from the Queen Anne's County Commissioners saying that they would like it speeded up, that they understand it's being bogged down in the legal department on the title work.

MR. GOLDSTEIN: Right.

MR. PLOCEK: I know there was some question with the State Highway, and we have contacted State Highway, and we're working out whether they're going to go to settlement the same day as we and the county --

MR. GOLDSTEIN: Well, that was the whole story. It's supposed to be a simultaneous settlement.

MR. PLOCEK: Right.

MR. GOLDSTEIN: So you've got three different parties involved. You've got the State and the County and the State Highway Administration.

MR. PLOCEK: That's correct. I know they're all working towards a settlement on the same date. So I know that part of it has gone forward.

MR. JAMES: Well, it doesn't seem to me that that's absolutely necessary that these all settle the same day. Certainly, the State and the County could settle and then later transfer to the State Highway Administration whatever would be the piece they need.

MR. GOLDSTEIN: That was the understanding, remember, when we talked about it.

MR. JAMES: Yes.

MR. SEBODA: Ray is going to meet with Fred Eskew this afternoon and see if we can get it straightened out.

MR. GOLDSTEIN: Right. That's the thing to do. You know, people go on vacation; they go hunting, they go fishing, they do all the other things, and that goes on the back burner.

MR. JAMES: Go to Spain.

MR. GOLDSTEIN: Right. That's right. Well, I've got to take a vacation. I haven't had a vacation this year yet. So I'm going to combine two trips into one. I'll meet the Governor down in Caldas on the way.

MR. JAMES: That's a roundabout way to greet you, don't you think?

GOVERNOR HUGHES: (Nods head affirmatively.)
There was a motion, but not a second to approve the Open Space Agenda.

MR. GOLDSTEIN: I move it.

MR. JAMES: All in favor, say "aye."

GOVERNOR HUGHES: All in favor of approving the Open Space Agenda, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. GOLDSTEIN: Why don't you come on and go?

Let's go.

GOVERNOR HUGHES: Department of Budget and Fiscal

Planning.

MS. REYNOLD: The Budget Agenda this morning consists of 20 items. Be glad to answer any questions you may have.

MR. GOLDSTEIN: My first item was Item 4-S on page 4B.

MR. JAMES: Yes, that's mine.

MR. GOLDSTEIN: And my question was who audits this program for compliance?

MR. JAMES: Who administers it?

MR. GOLDSTEIN: And who audits it?

MR. JAMES: Yes, that's my question, too.

MR. GOLDSTEIN: Well, I say the same thing. Who audits it?

MR. JAMES: Yes.

MR. GOLDSTEIN: This is a big program. We're going to spend around \$26,000,000.

MS. MARCUS: Good morning. My name is Shirley Marcus, and I'm the Acting Director for the Energy Assistance Program. The Federal Government requires the block grant, the Energy Assistance block grant be audited every

two years. We've chosen to do it annually, and we have contracted with outside CPA firms.

MR. GOLDSTEIN: Audit them one year at a time?

MS. MARCUS: Yes. The 1982 and 1983 audit are currently in process.

MR. JAMES: Do we just turn this money over to the particular local agency, and they have the responsibility for following the rules?

MS. MARCUS: That's correct. They have responsibility for generating payment to energy suppliers on behalf of eligible households.

MR. JAMES: Who sets up the rules for their administration?

MS. MARCUS: The Federal Government has some basic regulations that they must adhere to. We have the discretion to pretty much design the program the way we see fit in Maryland.

MR. JAMES: Okay. Thank you.

MR. GOLDSTEIN: Are your regulations much different from the Federal?

MS. MARCUS: They're much more detailed.

MR. GOLDSTEIN: More detailed?

MS. MARCUS: Yeah.

GOVERNOR HUGHES: But they have to be consistent with the Federal.

MS. MARCUS: That's correct.

MR. GOLDSTEIN: Have they had any problems with -- arising out of the audit?

MS. MARCUS: Not to this point. You may recall an occurrence last year in Talbot County --

MR. GOLDSTEIN: Right.

MS. MARCUS: -- where our program director was found guilty of welfare fraud. We will have to deal with that particular audit because that means most of the funds were questioned; most of the funds that they utilized were questioned costs.

MR. GOLDSTEIN: I mean, in other words, we want to be sure the people who deserve this product get it --

MS. MARCUS: That's right.

MR. GOLDSTEIN: -- and the people who supply it get paid promptly.

MS. MARCUS: That's right. We have developed what

I think are much more stringent internal control systems to make certain that that kind of thing won't happen again.

MR. JAMES: Do you have competitive bidding? For instance, if a home-owner -- well, let me get this straight -- a home-owner wants to provide certain repairs which will improve the energy capacity of the house, how does that work? Does the home-owner have full responsibility to get somebody to do the work, or do you have somebody lined up to do the work?

MS. MARCUS: The Department has what's called a Weatherization Assistance Program, which is separate from Energy Assistance; and the home-owner would have to qualify, would have to be within certain income guidelines.

MR. JAMES: Who gets the contract to do the work? That's my point.

MS. MARCUS: Each local jurisdiction generally sub-contracts the work out, and they are --

MR. JAMES: Is there competitive bidding there? Is it competitively bid? You know, there's a lot of room for --

MS. MARCUS: I'm really not that close to the

Weatherization Program.

MR. JAMES: There's a lot of room for dishonesty in a program like this, and I was wondering whether the people who'd get the work are getting it on a competitive basis.

MS. MARCUS: I can't say definitively.

MR. JAMES: You can pick out, you know, "sweetheart" contractors to get all the work and not -- maybe be overpaid. I was just wondering whether there was a competition for the work at that level. I think it would be a good idea to look into that.

MS. REYNOLD: Doesn't the local government, Shirley, take pretty much responsibility for that sort of thing at the local level?

MS. MARCUS: Yes, yes. It varies from jurisdiction to jurisdiction.

MS. REYNOLD: From jurisdiction to jurisdiction.

MR. JAMES: Yes.

MS. REYNOLD: Maybe you could get a little summary and send it to me, and I'll pass it along to Treasurer James.

MS. MARCUS: I sure will.

MR. GOLDSTEIN: I'd like to have it, too, because --

MS. REYNOLD: Sure, I'd be glad to.

MR. GOLDSTEIN: I mean, this is a good program.

MR. JAMES: Yes.

MR. GOLDSTEIN: You know, there's a lot of people out there who need energy and need to have their houses weatherized, so they have a warm place to sleep at night. People who sleep in a warm house stay a little -- better off than going to a doctor.

MR. JAMES: A lot of money here.

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: Had some trouble with local programs like this.

MR. GOLDSTEIN: Right.

MR. JAMES: When people aren't honest.

MR. GOLDSTEIN: Thank you.

MR. JAMES: Yes.

MR. GOLDSTEIN: Well, I know I just got -- let's see, a man came and put oil in my tank while I was away yesterday. I looked at the bill this morning; it was \$1.10 plus -- \$1.10.4 a gallon.

What are you paying for fuel oil now, Number 2?

MS. MARCUS: Well, it varies.

MR. GOLDSTEIN: I know.

MS. MARCUS: We have over 500 energy suppliers in the program State-wide.

MR. GOLDSTEIN: Five hundred suppliers. Does the price vary much from place to place?

MS. MARCUS: Only about -- it's about ten cents' spread, I guess.

MR. GOLDSTEIN: Ten cents a gallon.

MS. MARCUS: Except there's one new project in Baltimore City, Associated Catholic Charities.

MR. GOLDSTEIN: Yes, I know. They're buying it in bulk.

MS. MARCUS: That's right, 1,000,000 gallons.

MR. GOLDSTEIN: I saw that article, and they're selling it for about 80-some cents a gallon.

MS. MARCUS: That's right.

MR. GOLDSTEIN: Imagine, about 80-some cents; so you see the profit that's in that. So yesterday I paid a dollar -- I think it was \$1.10.4.

MR. JAMES: You look at the Wall Street Journal; the price of fuel oil is down around 76 cents.

MR. GOLDSTEIN: That's right. There's such a glutton on the market.

MR. JAMES: On the wholesale market.

MR. GOLDSTEIN: Yes. The other day in New York, they had I don't know how many ships, no place to put it, because you've had a mild fall so far, and the tanks are jam-packed.

MR. JAMES: Well, thank you.

MR. GOLDSTEIN: Thank you, ma'am.

MR. JAMES: 7-S is the one I was interested in, as to whether we ought to accept that explanation. That explanation says at the end -- if I can figure -- find it out, let's see now. It says, "It is the belief of the University it does not make economic sense to rebid this contract, and the University requests approval of the contract, including retroactive payments for those services provided by C&P and not paid by the State." Well, I read that letter, and I understand what happened; but, when they say it doesn't make good economic sense, that's just a flat

statement without any support.

MR. SEBODA: Yes. I think this one goes back -- right now, we have in place part of our telephone policy in the State that Secretary Stettler and I have issued instructions to all the using agencies, so that it would preclude this sort of procurement from taking place, and that it clearly spells out what you have to do, and that these --

MR. JAMES: I don't understand this deal, "Telephone system with energy management package to service existing and new facilities," a four-year contract. That doesn't make much sense to me.

MR. SEBODA: Well, what it is, it's basically a telephone procurement, and it's one of the fancy systems that is computer based; and that, with a computer based system, they have the ability to put on an energy management package, and that one of the comments the Governor made recently --

MR. JAMES: How does a telephone system relate to the energy --

MR. SEBODA: What it does, it works over the telephone lines itself, and that it will have a computer; and,

along with giving you the song, the bells, the whistles, these sort of things --

GOVERNOR HUGHES: And the time.

MR. SEBODA: -- yeah, it will also turn off lights, turn on lights, and that this is the -- I think it's the C&P dimension system.

MR. JAMES: I see.

MR. SEBODA: And that most of the other folks market things that can do this -- MCI, those people.

MR. JAMES: Well, could your department analyze whether this is a reasonable request?

MR. SEBODA: We were involved in it. What -- the thing that has happened is that on this one -- this is from June 1, 1982, and that what we're dealing with is a retro-active approval of something that occurred more than a year ago.

MS. REYNOLD: I think both Budget and Fiscal Planning and General Services --

MR. SEBODA: Services have looked into it.

MS. REYNOLD: -- have been in and out of this thing for quite a long period of time; and I think, quite frankly,

everyone's in a position where, you know, we --

GOVERNOR HUGHES: It's all done now.

MS. REYNOLD: It's here. It's here and it's in place.

MR. SEBODA: That's it; it's done.

MR. GOLDSTEIN: After the fact.

MR. SEBODA: We would say, if you had it to do over again, this is not what you would build.

MS. REYNOLD: It wouldn't -- yes.

MR. JAMES: Well, the reason I'm asking is that the Procurement Law says that this contract is void. This contract -- that's the law, and the question is --

GOVERNOR HUGHES: We'll keep the telephones and not pay for them.

MR. JAMES: -- whether to pay -- well, it also says that, if somebody performed, you pay them a reasonable figure for what they've done to date; and then, after that, everything is called off, and you go again.

MR. GOLDSTEIN: Is this completely installed already?

MS. REYNOLD: Yes, sir.

MR. GOLDSTEIN: You say it's completely installed and working?

MS. REYNOLD: Oh, yes, for some time.

MR. SEBODA: Since June 1 of 1982.

MR. GOLDSTEIN: That's what I thought.

MR. JAMES: I'm just wondering-- our experience has been that C&P has been about twice as expensive as anybody else.

MR. SEBODA: No, I said -- you know, there's documentation in the files from both Budget and from us that we've analyzed it and said it shouldn't have been a sole source; it should have gone competitively. There were people that have done it, but they had already executed the contract and put the equipment in, because they were laboring under the old rules where C&P had a total monopoly on everything that was going down; and that's not the case --

GOVERNOR HUGHES: They might have even thought nobody else was doing it but C&P, the way it used to be.

MR. SEBODA: That's correct. That's correct, and that's exactly what occurred.

MR. JAMES: Well, it's not hard to understand.

MR. SEBODA: Because they were using the mentality that had existed in the '70's.

MR. JAMES: Well, I'll go along with it because it's not hard to understand how they could have been confused.

MR. GOLDSTEIN: Well, see, it said it was a hybrid proposal. It was put in the Maryland Register.

MR. SEBODA: But I might inform the Board that Secretary Stettler and I have issued letters to all of the using agencies that tell them how to procure phone systems, so that the holes that existed when this procurement took place have been addressed and plugged.

GOVERNOR HUGHES: It turns the lights off. Instead of going over there to push a button, you just sit here and call the light up and say, "Go off."

(Laughter.)

MR. GOLDSTEIN: Well, in other words, you say this telephone -- but how about the satellites and all these different things connected with communications?

MR. SEBODA: Well, okay. All this will be is the receivers --

MR. GOLDSTEIN: I understand.

MR. SEBODA: -- and that the switching gear inside the building and --

MR. GOLDSTEIN: Well, don't you think your order ought to go in and say anything connected with communications, like satellites?

MR. SEBODA: Yes.

MR. GOLDSTEIN: There's all kind of stuff now.

GOVERNOR HUGHES: Well, that's coming later, isn't it?

MR. SEBODA: Yes, that comes as part of the telecommunications master plan and that --

MR. GOLDSTEIN: I see.

GOVERNOR HUGHES: And that executive order.

MR. GOLDSTEIN: But, in the meantime, you ought to alert these people. In other words, you tell them about telephone systems. Suppose they want to get a satellite in the meantime, and they haven't heard from you?

MR. SEBODA: Well, this is one area that I was going to sit down with Dr. Toll and we were going to discuss a little bit.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: Well, see, so many things are coming on the market.

GOVERNOR HUGHES: The first thing is to get squared away on the telephones.

MR. SEBODA: That's correct.

GOVERNOR HUGHES: And there are all kinds of other things we've got to get in.

MR. GOLDSTEIN: It's like computers now. Everything -- the technology is moving so damn fast.

GOVERNOR HUGHES: Well, telephones are like computers.

MR. GOLDSTEIN: Sir?

MR. SEBODA: That's right. What has happened --

GOVERNOR HUGHES: Telephones are computers.

MR. GOLDSTEIN: That's right.

MR. SEBODA: If you went back ten years ago, all it was was a set of relays.

MR. GOLDSTEIN: Right.

MR. SEBODA: But now the systems are all computer based with the microchips.

MR. GOLDSTEIN: I know that. That's what I'm talking about, and now there's so many new products coming on the market every week, you see, and look how many companies are going broke.

MR. SEBODA: That, too.

MR. GOLDSTEIN: You see, they all want to get in on the act.

MR. SEBODA: Right.

MR. JAMES: Well, there's an economic principle that "Excessive profits lead to excessive competition."

MR. GOLDSTEIN: Right. What else have you got, Bill?

MR. JAMES: I learned that in college.

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: Let's see.

MR. GOLDSTEIN: And you learned it up in Harford County, too.

MR. JAMES: 11-GM, 11-GM, I just thought we'd take note of this reorganization.

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: I have no problem with it.

GOVERNOR HUGHES: I think it will be an improvement.

MR. JAMES: Yes.

MR. GOLDSTEIN: I don't have any more items. I move we approve the Department of Budget and Fiscal Planning Agenda.

MR. JAMES: Just one second.

MR. GOLDSTEIN: Oh, excuse me.

MR. JAMES: Yes. Okay. Second.

GOVERNOR HUGHES: It's been moved and seconded that the Department of Budget and Fiscal Planning Agenda be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. University of Maryland.

MR. GOLDSTEIN: University of Maryland -- I had two items there. Let's see.

MR. BRANDT: Good morning.

GOVERNOR HUGHES: Good morning.

MR. BRANDT: We would like to withdraw 4-S, please.

MR. GOLDSTEIN: 4-S, 4-Sugar, withdrawn.

MR. JAMES: What's the trouble there, Doctor?

MR. BRANDT: Pardon?

MR. JAMES: What's the trouble there? Why did you withdraw it? Problems?

MR. BRANDT: There were a number of questions raised Monday; and, in checking back with Dr. Farmer, he decided that, having approved it three or four weeks ago, the situation has changed down there enough right now that this could be working in a counterproductive manner in the current environment, and so they asked that we go back and relook it.

MR. JAMES: All right. Okay. In other words, it's a political situation. All right. Thank you.

(Laughter.)

MR. BRANDT: I was trying to put it very gently.

MR. JAMES: All right. Let's see.

MR. GOLDSTEIN: How about Item Number 1-C-MOD?

MR. BRANDT: Yes, sir.

MR. GOLDSTEIN: You started off at 930. Now it's

up to 1,216,000. Can you give us a short explanation, Dr. Brandt?

MR. BRANDT: Yes. This is the one where -- this is the final settlement. They had considerable discussion. It was worked out by the Office of the Attorney General with the corporation, and both sides have agreed that this will settle all the claims, and this will be the final element of this particular contract.

MR. GOLDSTEIN: Is the building in pretty good shape now?

MR. BRANDT: Yes, sir.

MR. GOLDSTEIN: Have you been in it?

MR. BRANDT: We haven't finished the whole building. There's still a floor or two that are not occupied, but the floors that are occupied are very well done. The Personnel Department is on the first floor over there, and I've been through that facility in detail; and they have really provided a very nice facility out of what previously looked like it couldn't provide a decent facility for anything. It really has worked out very well; a very sound building, and they've done a nice job inside.

MR. GOLDSTEIN: Fine. All right, sir.

MR. JAMES: Okay.

MR. GOLDSTEIN: How about Item Number 2-C-MOD?

That's competitive bidding.

MR. BRANDT: Yes, sir. This is the one where we're back into the problems of the fact that there is no record of a great number of the lines, sewer lines, steam lines, water lines, other types of lines that have been put into the ground on the College Park Campus. This has been done over a period of decades; and, when contractors have gone to do a particular job, they've run into problems, and so they've taken a different route. It's never been recorded, and so every time we start out to replace something like steam lines, we keep running into other lines, and we have to drop the steam lines down or change the route and so on; and the costs run up fairly significantly because of the things that we don't know that are in the way, and I think that's going to continue to be a situation for some time to come, until we -- I don't know if you'll ever find everything that's buried, but we keep updating our maps now as we run into --

MR. GOLDSTEIN: Don't you have some people around

on the campus who used to be there? I'm trying to think of the gentleman's name -- had charge of all the public works there -- real tall fellow. He's now retired. He was there for about 25 or 30 years.

MR. SEBODA: He was the fellow that was there before Charlie Janthro.

MR. GOLDSTEIN: That's right.

MR. SEBODA: I know who you mean.

MR. GOLDSTEIN: He was on the campus for 25 or 30 years. You'd think he'd probably have some knowledge of where the lines went.

MR. BRANDT: I'm sure that, if they can get such information out of him, they are in contact; and I think I know the man you're talking about, and they do still --

MR. SEBODA: George Weber.

MR. GOLDSTEIN: George Weber is the man's name.

MR. BRANDT: That's correct.

MR. GOLDSTEIN: George Weber.

MR. BRANDT: He's before my time, but I've heard the name many times, and I know they have contact with him.

MR. GOLDSTEIN: Well, George is around. I saw him

at the football game last Saturday.

MR. BRANDT: Yes.

MR. GOLDSTEIN: And George is a very knowledgeable kind of a fellow.

MR. BRANDT: Yes. I think that the extent and the time period covered by -- when a lot of these things were buried is even beyond his capacity to list in detail.

MR. GOLDSTEIN: Yes, sir, but most of those buildings were built during his term of office. He was there for a long time. He came there right after the war. That's when most of your buildings were built, during that period of time.

MR. BRANDT: Yes, yes. They were between '50 and '70.

MR. GOLDSTEIN: Right. Yes, sir. He was right on -- he was the chief "moncho" or "joncho" or whatever you want to call him over there.

MR. BRANDT: I gather he did an excellent job.

MR. GOLDSTEIN: Have you contacted him? Why don't you contact him?

MR. BRANDT: Will do.

MR. GOLDSTEIN: Before he dies, let him walk around there with -- you know, like, have one of these rods, you know.

MR. BRANDT: I won't relate to him that that's why we're contacting him.

(Laughter.)

MR. GOLDSTEIN: And Curly Byrd, if he was living -- bless his memory -- he could tell you where they were, I guarantee you. All right.

How about 8-S, Item 8-S on page 8C, those PCB's?

MR. BRANDT: Well, we have many transformers on campus; and, from time to time, we discover that the oils are contaminated. I think it's actually in the production process of some of the transformer oils, that PCB's are produced in the process in small amounts; and, as they discover them, they move very quickly to try to have them removed. We have not been able to find more than the one firm that will haul them away. There's not a lot of people clamoring for that business.

MR. GOLDSTEIN: No.

MR. BRANDT: And it isn't very high on people's

lists these days in terms of attractive occupations, but we do have this one firm that has taken PCB's away for us now on several occasions.

MR. GOLDSTEIN: Do you know where they put them after they leave the campus?

MR. BRANDT: No, I don't know where they take them. I'm not really sure I want to know.

GOVERNOR HUGHES: I think it's out of State.

MR. GOLDSTEIN: Don't you think you ought to know?

GOVERNOR HUGHES: I think they take it out of State.

MR. BRANDT: Yes, yes. They're not putting it in Maryland. They take it out of State, but I'm not sure where they're taking it.

MR. JAMES: I'd like to go back to 7.

MR. BRANDT: Yes, sir.

MR. JAMES: I realize how convenient it is to renew a contract with somebody you know and who has the background, but this can go on forever.

MR. BRANDT: Yes, I recognize that.

MR. JAMES: And, if you say it calls for sole source just because somebody has experience, you'll never get any

competition into the situation, and I'm just wondering about this, calling this sole source, because I know there are other people who can do this.

MR. BRANDT: Yes, I'm sure there are. The problem you come into, as you well recognize, is, if you go out and bid it, the firm that's done it for some years has got so much of a head-start on the project that they can underbid the others, and it's hard to develop a fair competition to go out on the market for something like this; but I certainly recognize what you're saying.

MR. JAMES: Well, we have -- we're doing it right now in my office. We have had a firm that's been preparing our disclosure statement for -- oh, since about 1975, but the law requires us to go out and bid it; and I'm sure that, to this moment, the firm that's been handling it knows a lot more about it than a new firm; but, nevertheless, we have to test the market and see if there's somebody who's capable, who could do it for less money. You know, it's not just dollars and cents. You can examine the qualifications of the people who have bid and decide whether they're capable. For instance, I happen to know that the firm -- what's that

firm, your auditing firm up there at the hospital?

MR. BRANDT: Coopers and Lybrand.

MR. JAMES: Coopers and Lybrand, well, they're perfectly capable of doing this.

MR. BRANDT: Surely, that's right.

MR. JAMES: All I'm saying to you is that I think you ought to carry the message back that this is not a sole source, in my judgment.

MR. BRANDT: Okay. We could go through a multi-year and then say rebid after five or seven years, something like that.

MR. JAMES: Exactly. That's what we're trying to do.

MR. BRANDT: Yes. All right.

MR. JAMES: I think the University of Maryland is a specialist in emergency and sole source procurement. I've noticed that.

MR. BRANDT: Well, we'd be happy to have the exemption you've given to Budget and Fiscal Planning, so we don't have to bring all these down.

MR. GOLDSTEIN: Anything else? I move we approve

the University of Maryland Agenda.

MR. JAMES: I'll second it.

GOVERNOR HUGHES: It's been moved and seconded the University of Maryland Agenda be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. BRANDT: Thank you very much, gentlemen.

GOVERNOR HUGHES: Thank you.

MR. BRANDT: Do you want to look at that one item on DGS's Agenda where somebody --

MR. SEBODA: We've taken care of it.

MR. BRANDT: -- from DGS called and asked that I be able to speak to that one?

MR. SEBODA: Warren, that was taken care of.

MR. BRANDT: Was it taken care of?

MR. SEBODA: Yes.

MR. BRANDT: Beautiful. That's what the advantage is of coming late.

MR. GOLDSTEIN: Why don't we take General Services? You've got time, haven't you?

GOVERNOR HUGHES: Yes, I believe so.

MR. JAMES: All right.

GOVERNOR HUGHES: We'll go to General Services now.

MR. GOLDSTEIN: General Services. What's your first one, Bill?

MR. JAMES: Well, my questions have been answered. I see that 5-C indicates they're going forward at St. Clements, getting ready down there.

MR. SEBODA: Yes, sir. What this will give you is two picnic shelters --

MR. GOLDSTEIN: What item is that?

MR. SEBODA: 5-C.

MR. GOLDSTEIN: Yes.

MR. JAMES: Do you have one before that?

MR. GOLDSTEIN: No, no, no. 5-C is fine.

MR. SEBODA: Will give you two picnic shelters; it will give you male and female restrooms and a septic system for it. Then the question had come up having to do with the contract for the docks. That is now underway, and

Crandall is the contractor for that project.

GOVERNOR HUGHES: The difference in those two bids!

MR. SEBODA: What it is, is basically it's out on the island, and that Loffler had his own barges and boats so that he can take it out, where the other fellow had to get someone to help him with that or take it out by helicopter. That's the situation. He was just hedging his bets.

MR. GOLDSTEIN: And Loffler, he's right down there. He's good, too.

MR. SEBODA: Right. He's down in Lexington Park.

MR. GOLDSTEIN: That's the advantage of getting a local contractor. So everything is shaping up; it would be ready by March, would it?

MR. SEBODA: Yes, sir. Most of the stuff down at St. Mary's City will be finished up probably by about the first of December.

MR. GOLDSTEIN: Is that right? You're getting the house painted now and everything? Got that all straightened out, did you?

MR. SEBODA: Yes, we've got that one taken care of.

MR. GOLDSTEIN: Good. That's what you've got to

do because, after all, the Governor goes down there with all those wonderful people. He wants things to look nice.

MR. SEBODA: The only thing I say is don't ask my wife to make the birthday cake.

MR. GOLDSTEIN: Well, you get Wally in Upper Marlboro to make a birthday cake. Yes, sir. He's an expert on birthday cakes.

MR. JAMES: This 8-C is something that I never thought would happen. That's that Sandy Point Farmhouse renovation. That's pretty nearly completed.

MR. GOLDSTEIN: Yes. You remember the day you and I went over there with flashlights and went through that house?

MR. JAMES: Yes.

MR. GOLDSTEIN: Terrible shape. Everything is shaping up. Do you want to say anything about 18-GM?

MR. SEBODA: On 13-E -- 13-E, for the record, that --

MR. GOLDSTEIN: 13-E?

MR. SEBODA: Yes. That's the one that had the typo.

MR. GOLDSTEIN: Oh, yes.

MR. SEBODA: State Use Industries, Baltimore, 9,600. The amount on the second line down should be 9,600 also, rather than 9,000.

MR. GOLDSTEIN: No problem on that.

MR. SEBODA: 18-GM is a settlement of a claim that we put against Tatar & Kelly and their sub-consultant, Carroll Engineering, and that this is for the Towson Administration Building; and we will be receiving 230,000 in cash out of Carroll Engineering's liability insurance. They had a policy that was worth about 250,000.

And, for the record --

MR. JAMES: We were lucky to get this deal.

MR. SEBODA: -- here is the Attorney General's memorandum that should be placed in the record. I think the Board members have a copy of it.

MR. JAMES: That's a very good proportion of the settlement. When you're dealing with that Tatar & Kelly, you're not dealing with very responsible people, I'm telling you.

MR. SEBODA: Well, one of them is bankrupt, and the other is incorporated currently out of State. I think

you had some experiences with them up in Harford County.

MR. JAMES: Oh, my gosh, yes.

MR. GOLDSTEIN: My next one was on a real property item, 19-RP, page 22.

MR. SEBODA: This is a --

MR. GOLDSTEIN: We have two appraisers there, and one is 84,300 and 79,500, and we're paying 125,000.

MR. SEBODA: Yes, sir. This is the first item of this type that the Board has seen. This is an Ag Preservation item for Howard County, in which the offerer was dissatisfied with our appraisals; and, in accordance with Article 81, Section 248, he asked that the Assessment Appeals Board hear his appeal, and the Assessment Appeals Board awarded him \$125,000, and that this was recommended by the Foundation. So that is before you for approval.

MR. JAMES: That is not -- they don't have to take it. Howard County has a very active conservation program; and, in all probability -- doesn't have a breakdown here -- there's some local money in here.

GOVERNOR HUGHES: They probably do.

MR. GOLDSTEIN: Could we find that out? I think

it's important.

MR. SEBODA: Okay.

MR. JAMES: Is there anybody here --

MR. GOLDSTEIN: Maybe we could defer it and find out.

MR. SEBODA: Okay. We'll defer it.

GOVERNOR HUGHES: They've been putting up quite a bit of local money, haven't they?

MR. JAMES: Yes.

MR. GOLDSTEIN: Well, see, Harry, this is the first time we've had one that --

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: -- is such an extreme as this.

MR. SEBODA: This is the first time that you've had the appeal and that it's gone to the Appeals Board.

MR. GOLDSTEIN: Yes, that's right. I mean, it don't say anything in here about an appeal, you see.

MR. JAMES: It might be well to get a little explanation from them.

MR. SEBODA: Okay. We'll bring it back. I'll withdraw it and bring it back next time.

MR. GOLDSTEIN: Withdrawn, all right.

MR. SEBODA: We'll give you a run-down on local money.

MR. JAMES: I think wherever it is in arbitration, it might be well to get a little supplemental --

MR. SEBODA: Bring someone down.

MR. JAMES: Or have somebody come in.

MR. SEBODA: So, whenever we have an arbitration item, we'll give you a written explanation along with the item.

MR. GOLDSTEIN: Right. I think -- so it will go in the record here, so they know what you're doing.

MR. SEBODA: Okay.

MR. GOLDSTEIN: 25-RP -- aren't we paying a price for that bunch of gullies, unimproved land?

MR. SEBODA: This is 9.2 acres --

MR. GOLDSTEIN: This is back land.

MR. SEBODA: -- and it's for Patuxent River State Park, and it's within the appraisals.

MR. GOLDSTEIN: I know.

MR. SEBODA: And that's -- Bill, do you have the

map?

MR. KREBS: The property lies right off of Route 27 up near Mt. Airy.

MR. GOLDSTEIN: Yes. Well, you can jump across the river up there, can't you?

MR. KREBS: Yes, sir. It's right at the headwaters of the Patuxent.

MR. GOLDSTEIN: I say you can jump across the river up there.

MR. KREBS: Yes. The river is not too wide at this point.

MR. GOLDSTEIN: I say you can jump across, you can jump across it.

MR. KREBS: Yes, sir.

MR. JAMES: Depends on your agility.

MR. GOLDSTEIN: Well, as dry as it's been this summer, I doubt if there's any water running up there; be like those rivers like out in Arizona. You can jump across it. Okay. I'm just showing you the price you're paying, and you can get prime waterfront down home for less than that, prime, prime waterfront or tract where they've got fish,

oysters, crabs, softshell clams, and sailing and yachting, all that. High priced land. Let's see, page 30, page 30.

GOVERNOR HUGHES: We've acted on that one.

MR. GOLDSTEIN: Well, 30 is a condemnation case. Don't we need a separate --

MR. SEBODA: No, this is a settlement of a condemnation case.

MR. GOLDSTEIN: I know, but don't you need a separate --

MR. SEBODA: We need a separate motion, yes.

MR. GOLDSTEIN: Need a separate approval of that, Item 30-RP.

GOVERNOR HUGHES: Oh, Item 30. I thought you meant page 30.

MR. GOLDSTEIN: No, no, page 33.

GOVERNOR HUGHES: Yes.

MR. JAMES: That's a condemnation judgment. I move that we approve it.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: It's been moved and seconded that Item 30-RP be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The item is approved.

MR. GOLDSTEIN: Item 32.

MR. SEBODA: Item 32 is a request for condemnation, and that this is the Staller tract in Somerset County; and that what it will do is there is a dirt road that goes across the property, and that we talked with Jimmy Howard on whether or not he would relinquish his rights. We told him that we would relocate it so that it wouldn't interfere with construction. He wouldn't do it; and so that, since the architect will be on board probably by December, that we need to condemn it so that he has full use of the property for development, and that he will be given alternate access.

MR. GOLDSTEIN: Just let me -- I'm not making any protest. Just let me vote "no" to keep my record straight on this piece of property.

MR. JAMES: All right. I move we approve it.

GOVERNOR HUGHES: I second it. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

MR. GOLDSTEIN: No.

GOVERNOR HUGHES: The ayes have it, the Comptroller voting "no."

MR. SEBODA: Item 35-L is a lease for the Carter Center that I want to withdraw. The Health Department had anticipated having by this point the results of their accreditations. So they won't have it, and so that we won't be bringing this back until that's done.

MR. GOLDSTEIN: There's quite a bit of discussion of that up in that Health Department about that piece of property.

MR. SEBODA: Yes, sir.

MR. GOLDSTEIN: I got a call after the meeting about it. I told the lady that it was deferred -- I mean withdrawn. Excuse me. Item 35-L, page 39. But Senator Della, he appeared at the pre-Board meeting and asked that this matter be deferred until December. Is that all right?

MR. SEBODA: We're going to be talking with the Health Department, and we'll probably be able to accommodate

them because I think it takes about two months to get the results of the accreditation survey.

MR. GOLDSTEIN: Right. But, in other words, we're not holding up anything. They're still in the property, aren't they?

MR. SEBODA: They're currently in Holy Cross Church.

MR. GOLDSTEIN: I see.

MR. SEBODA: Until the program is operational.

MR. GOLDSTEIN: How about Item 38-L, page 42?

MR. SEBODA: Yes. 38-L is the item that was before you at the last Board meeting, in which you had asked me to go back and see if the owner of the property would give the State an option to buy. He has refused to do so; and that, if we were to insist on it, he would say that he would want us out of the property. Although there is not an option to buy, the State by eminent domain always has condemnation rights; so that, if the money were ever provided in the capital budget, we could acquire it.

MR. GOLDSTEIN: We're now paying how much rent, square foot rent, net rent right now?

MR. SEBODA: Currently the net rent is 3.94.

MR. GOLDSTEIN: Three ninety-four, does that include utilities and everything?

MR. SEBODA: The effective rate is --

GOVERNOR HUGHES: Four ninety-four.

MR. SEBODA: -- 4.94.

MR. GOLDSTEIN: And you're now getting ready to pay 9.26.

MR. SEBODA: This is --

MR. JAMES: Is it a building we ought to own? Is it a building we should own?

MR. SEBODA: Well, they've been there for 15 years. The previous rate, effective rate of 4.94 was established 15 years ago; and that it is in an area in which a lot of their clients are now located.

Connie, would you have any comment on whether we should own the building?

MS. LIEDER: I don't know that you'd want to buy it.

MR. GOLDSTEIN: Well, this lease runs better than \$11,274,000.

MS. LIEDER: That's right. Well, it's 15 years,

also.

MR. GOLDSTEIN: But all you're going to get is a bunch of rent receipts. We built 301 West Preston Street when everybody said we ought to be renting, and we built that building. It's all paid for, and it belongs to the State of Maryland now; and what would you pay -- rent if you had to build that building today at 301 West Preston?

MR. BOSLEY: To rent itself, probably based on what they're getting in Baltimore, you're talking at least 12 or \$14 a square foot.

MR. GOLDSTEIN: So we'd pay for it in 15 years; we'd own it, but here all you're going to do is have a bunch of rent receipts.

MR. SEBODA: We always do have the right of condemnation; and, if the monies were provided in the capital budget, we could acquire it.

MR. GOLDSTEIN: Well, I understand that.

MR. SEBODA: And I don't think the owner of the building would object too much, that if we went through condemnation. What he was concerned about was, if we had the right to buy, it would affect his ability to get

financing, and that was his concern.

MR. BOSLEY: And, in case he wanted to sell it, he'd have a hard time marketing the building with a purchase option. That's his attorney's advice.

MS. LIEDER: How many square feet?

GOVERNOR HUGHES: Ninety-one thousand.

MR. SEBODA: Ninety-one thousand.

MR. JAMES: Of course, the Federal Government is putting up 50 percent of this, Federal, 50 percent of this rent. Well, the rent is not out of line on the basis of rent in Baltimore City.

MR. SEBODA: No. It's definitely, you know, a reasonable rate.

MR. JAMES: So you're talking about State --

MS. LIEDER: Who's responsible for improvements and maintenance and all?

MR. SEBODA: The improvements basically -- there are no improvements because they're in a situation now where --

MR. JAMES: Costs \$1,500 a month for parking, in addition.

MS. LIEDER: No, but I mean in terms of it's an old building.

MR. SEBODA: They do the repairs and --

MR. GOLDSTEIN: That's my next question. We've got to pay for parking, too, haven't we?

MR. SEBODA: Yes. Parking is \$18,000.

MR. JAMES: Is there a clause in it that, if the Legislature doesn't appropriate the money, then the lease is over?

MR. SEBODA: Yes, that's standard in all of our agreements.

MR. JAMES: Well, that's a way out of it if you want to survey the possibility of providing a building.

MR. SEBODA: And that also -- if the Feds pulled out, that would give you the same right.

MR. JAMES: Yes. So it's not ironclad.

MR. GOLDSTEIN: You recommend we do this, Connie?

MS. LIEDER: I haven't looked at it at all, sir.
I'm sorry, I can't --

MR. JAMES: Well, we really don't have much of an alternative right at the moment, do we?

MR. SEBODA: No.

MR. JAMES: Effective -- when does the lease run out?

MR. BOSLEY: September 30, it ran out.

GOVERNOR HUGHES: It ran out.

MR. JAMES: It ran out?

MR. BOSLEY: We're there on a hold-over, on a month-to-month.

MR. JAMES: Well, I don't see how we can -- the only option we have is to see whether it's worthwhile planning a building of their own.

MR. SEBODA: And that we always do have the right of condemnation.

MR. JAMES: And then decide whether to condemn this or another building -- or get another building.

MR. BOSLEY: Very seldom do we get a real long-term lease nowadays.

MR. GOLDSTEIN: Well, these people are doing all right. The lease is for 15 years; so you know damn well they've depreciated the building.

MR. JAMES: Yes, but there's a clause in here --

escalation for real estate taxes and custodial services. So the only thing they have to worry about is keeping up the repairs.

MR. GOLDSTEIN: Do you have a clause in there about keeping up repairs and maintenance?

MR. BOSLEY: The owner maintains the building.

MR. JAMES: How about the heat?

MR. BOSLEY: The heat, they do that, too -- no, I'm sorry. Utilities are ours. We pay for the heat. He does everything else.

MR. GOLDSTEIN: All right. Well, how much does that add to the rent?

MR. BOSLEY: That's in there. That's in your \$9.26, the effective square --

MR. GOLDSTEIN: I see. But the State pays for the heat.

MR. BOSLEY: Yes.

GOVERNOR HUGHES: Well, right now we don't have much choice, do we?

MR. JAMES: No.

MR. SEBODA: No, I don't think we have any choice.

MR. GOLDSTEIN: Okay. How about Item Number 39-L? That's come down to 48. It was \$66.

MR. SEBODA: Yes, sir. This is a relocation. This is 22 parking spaces for the Attorney General's Office, and what we are doing is relocating; and that, although it's a little bit further away from their offices, that we are saving \$18 a parking space per month.

GOVERNOR HUGHES: Don't get that very often.

MR. SEBODA: No.

MR. JAMES: Did you get any complaints?

MR. SEBODA: No.

MR. GOLDSTEIN: Item 43, that parking.

MR. SEBODA: Item 43 is an agreement with the Anne Arundel County Government for the 300 parking spaces that are the State's to call for \$20 a month. The Department of General Services will then allocate to agencies on a request basis those parking spaces. The, probably, biggest user of these spaces as of this time will be the Department of Economic and Community Development.

I have a letter that is coming over, that will be made a part of the record, that says the Department of

Economic and Community Development will be using 90 spaces in the Whitmore Garage, that they will have 90 spaces on "D" Lot, and that also with their parking is 18 spaces that were provided with the building, and the developer will have 25 spaces for visitors to the DECD building; and that this is in line with the agreement that was discussed with the Comptroller and the Treasurer.

MR. JAMES: Twenty-five spaces will be for visitors?

MR. SEBODA: Right.

MR. JAMES: It's unusual to have more spaces for visitors than employees.

MR. SEBODA: That was a requirement that was placed by the city for the occupancy permit.

MR. JAMES: It's a good requirement.

MR. GOLDSTEIN: All right. And that's going to go in as part of the record.

MR. SEBODA: Yes, sir.

MR. GOLDSTEIN: So they can't say that they didn't understand what they were talking about.

MR. SEBODA: Ray has been on the phone to them. They didn't expect that we were going to go through the

lunch hour; and probably, by the time lunch is finished, they will have the letter over there.

MR. JAMES: Well, I'll approve it subject to the receipt of that written agreement.

MR. GOLDSTEIN: Subject to the receipt of the letter, right. I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that Item 43-L be approved subject to receipt of the letter from DECD agreeing to the arrangement. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. GOLDSTEIN: All right, sir. Let's see, 43-L, 43 -- we took care of that. 44 -- 44-L, are there any problems there with that new administration?

MR. SEBODA: No, sir. In essence, what this will do is locate the existing MVA office that is on one side of Mondawmin to the side that faces Tioga and Gwynns Falls Parkway. That's where the large areas of the parking lot

are now located, and they will be able to put in a bigger office with driving arrangements, and that this is consistent with the legislative people in the area -- desires. So I think it's a good proposal.

MR. GOLDSTEIN: I see Mr. Bricker -- he's getting out of the Motor Vehicle Administration.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. SEBODA: Yes, I saw that in the paper.

MR. GOLDSTEIN: Are they building one of those testing places up here, too?

MR. SEBODA: Yes.

MR. GOLDSTEIN: To test the emissions?

MR. SEBODA: Oh, the emissions?

MR. GOLDSTEIN: Yes.

MR. SEBODA: I don't know.

GOVERNOR HUGHES: I don't think at that location, no.

MR. GOLDSTEIN: That's going to mean they only have one station --

GOVERNOR HUGHES: They're on new locations.

MR. GOLDSTEIN: I see. All right. We took care

of Rosaryville. We took care of Towson. 47-L, 47-L, let's see what that is.

MR. JAMES: It's rent, 13.25, Item 47.

MR. SEBODA: 47-L is a relocation of the District Courts that are now located in the Danac Building to this property, and these District Courts will service the Montgomery County area. The lease is for three years, and that that will give enough time so that, if the State enters into the agreement with Montgomery County for renovation of the Grey Courthouse, that they will be housed in an area in which the services to the community can be provided, and that this will also bring in Juvenile Services and the other court-related services.

MR. GOLDSTEIN: In other words now, we're staying here in lieu of going to that Grey Courthouse in Rockville.

MR. JAMES: If we go into it.

MR. GOLDSTEIN: Sir?

MR. JAMES: If we go into it.

MR. GOLDSTEIN: If we go into it, right. That's a complicated thing, too, Governor.

GOVERNOR HUGHES: A few changes, yes.

MR. GOLDSTEIN: We agreed on one thing, and now there's a big change. Okay.

MR. JAMES: All right. Anything else?

MS. REYNOLD: Did you want to say something for the record on Item 13 about the --

MR. SEBODA: I did.

MS. REYNOLD: You already took care of that?

MR. SEBODA: Yes.

MS. REYNOLD: I was over there. I just wanted to make sure.

MR. JAMES: I move we approve the agenda except in the areas of those items that we have specially acted.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the General Services Agenda be approved except for those items previously acted upon. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. SEBODA: Thank you, gentlemen.

GOVERNOR HUGHES: The agenda is approved.

MR. GOLDSTEIN: We got done in --

GOVERNOR HUGHES: Pretty good time.

MR. GOLDSTEIN: Yes, sir.

(Whereupon, at 12:40 p.m., the proceedings
in the above-entitled matter were adjourned.)